

**TOWNSHIP OF BURT, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

|   |                          |   |  |                 |
|---|--------------------------|---|--|-----------------|
| Local Government Type<br><input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                          | Local Government Name<br>Burt Township                |  | County<br>Alger |
| Audit Date<br>6/30/04   | Opinion Date<br>10/03/04 | Date Accountant Report Submitted to State:<br>3/24/05 |  |                 |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | X        |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | X            |
| Single Audit Reports (ASLGU).   |          |                 | X            |

|   |                   |             |              |
|---|-------------------|-------------|--------------|
| Certified Public Accountant (Firm Name)<br>Anderson, Tackman & Co, PLLC |                   |             |              |
| Street Address<br>102 W. Washington St., Suite 109                      | City<br>Marquette | State<br>MI | ZIP<br>49855 |
| Accountant Signature<br>Michael A. [Signature] CPA                      |                   |             |              |

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# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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WISCONSIN  
GREEN BAY  
MILWAUKEE

## INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of  
The Township Board of Trustees  
Township of Burt, Michigan  
P.O. Box 430  
Grand Marais, MI 49839

We have audited the financial statements of the governmental activities, business-type activities, major funds, and remaining fund information, which collectively comprise the basic financial statements of the Township of Burt, Michigan as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, major funds and remaining fund information of the Township of Burt, Michigan at June 30, 2004, and the changes in financial position and cash flows, where applicable, of those activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township of Burt, Michigan has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 33 through 36 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Supervisor and Members of  
The Township Board of Trustees  
Township of Burt, Michigan

In accordance with *Government Auditing Standards*, we have also issued a separate report to management dated October 8, 2004 on our consideration of the Township of Burt, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Township of Burt, Michigan's basic financial statements taken as a whole. The combining and individual fund statements and schedules as listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Township of Burt, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

October 8, 2004

## Township of Burt, Michigan

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Burt's financial performance provides an overview of the Township's financial activities for the year ended June 30, 2004. Please read it in conjunction with the financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- The Township's net assets were reported for the first time under GASB 34. As such, no comparisons with prior years will be made. In future years, comparative information will be presented in various schedules throughout the MD&A.
- Net assets for the Township as a whole decreased by \$127,699 as a result of this year's operations. Net assets of our business-type activities decreased by \$3,155, or 1 percent, and net assets of our governmental activities decreased by \$124,544, or 12 percent.
- During the year, the Township had expenses for governmental activities that were \$672,490 which is more than the \$225,981 generated in program revenue sources.
- During the year, the Township had expenses for business-type activities that were \$402,676 which is more than the \$369,210 generated in program revenue sources.
- The General Fund reported a net fund balance of \$31,568. This is \$5,408 lower than the forecasted no change of \$-0-.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's Water System, Marina, Fuel System and Campground activities are reported here.

### Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 13. The fund financial statements begin on page 13 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the Township's other programs and activities.

### The Township as a Whole

Table I provides a summary of the Township's net assets as of June 30, 2004.

Table 1  
Net Assets

|                          | Governmental<br>Activities - 2004 | Business-Type<br>Activities - 2004 | Total Primary<br>Government – 2004 |
|--------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Current and other assets | \$504,852                         | \$ 243,704                         | \$748,556                          |
| Capital assets, net      | 664,592                           | 685,955                            | 1,350,547                          |
| Total Assets             | 1,169,444                         | 929,659                            | 2,099,103                          |

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNEDITED) (Continued)**

|  | Governmental<br>Activities - 2004 | Business-Type<br>Activities - 2004 | Total Primary<br>Government - 2004 |
|--|-----------------------------------|------------------------------------|------------------------------------|
| Current liabilities                                | \$ 179,042                        | \$ 64,006                          | \$ 243,048                         |
| Non-current liabilities                            | 37,518                            | 149,440                            | 186,958                            |
| Total Liabilities                                  | <u>216,560</u>                    | <u>213,446</u>                     | <u>430,006</u>                     |
| Net Assets:  |                                   |                                    |                                    |
| Invested in capital assets,<br>net of related debt | 599,974                           | 493,367                            | \$1,093,341                        |
| Restricted   | -                                 | 31,426                             | 31,426                             |
| Unrestricted (deficit)                             | 352,910                           | 191,420                            | 544,330                            |
| Total Net Assets                                   | <u>\$952,884</u>                  | <u>\$716,213</u>                   | <u>\$1,669,097</u>                 |

Net assets of the Township's governmental activities stood at \$952,884. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$352,910.

The \$352,910 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$716,213. The Township can generally only use these net assets to finance continuing operations of the Water System, Fuel System, Woodland Park and Marina operations.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2004. Since this is the first year the Township has prepared financial statements following GASB Statement No. 34, revenue and expense comparison to fiscal year 2003 is not available.

Table 2  
Change in Net Assets

|                                    | Governmental<br>Activities - 2004 | Business-Type<br>Activities - 2004 | Total Primary<br>Government - 2004 |
|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| <b>Revenues</b>                    |                                   |                                    |                                    |
| Program Revenues:                  |                                   |                                    |                                    |
| Charges for services               | \$153,773                         | \$356,710                          | \$510,483                          |
| Operating Grants and Contributions | 72,208                            | -                                  | 72,208                             |
| Capital Grants and Contributions   | -                                 | 12,500                             | 12,500                             |
| General Revenues:                  |                                   |                                    |                                    |
| Property taxes                     | 207,674                           | -                                  | 207,674                            |
| State Sources                      | 48,899                            | -                                  | 48,899                             |
| Interest and Miscellaneous         | 92,892                            | 2,811                              | 95,703                             |
| Total Revenues                     | <u>575,446</u>                    | <u>372,021</u>                     | <u>947,467</u>                     |



# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

|                                       | Governmental<br>Activities -<br>2004 | Business-Type<br>Activities - 2004 | Total Primary<br>Government - 2004 |
|---------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| <b>Program Expenses:</b>              |                                      |                                    |                                    |
| Legislative                           | \$ 4,223                             | \$ -                               | \$ 4,223                           |
| Elections                             | 440                                  | -                                  | 440                                |
| General Services and Administration   | 260,549                              | -                                  | 260,549                            |
| Public Safety                         | 82,326                               | -                                  | 82,326                             |
| Public Works                          | 45,211                               | -                                  | 45,211                             |
| Health & Welfare                      | 57,496                               | -                                  | 57,496                             |
| Community and Economic<br>Development | 21,218                               | -                                  | 21,218                             |
| Recreation and Culture                | 39,560                               | -                                  | 39,560                             |
| Other                                 | 15,265                               | -                                  | 15,265                             |
| Capital Outlay                        | -                                    | -                                  | -                                  |
| Unallocated Depreciation              | 116,316                              | -                                  | 116,316                            |
| Water System                          | -                                    | 107,687                            | 107,687                            |
| Fuel System                           | -                                    | 51,011                             | 51,011                             |
| Debt Service                          | 29,886                               | -                                  | 29,886                             |
| Woodland Park                         | -                                    | 177,546                            | 177,546                            |
| Marina                                | -                                    | 66,432                             | 66,432                             |
| Total Expenses                        | 672,490                              | 402,676                            | 1,075,166                          |
| Increase (decrease) in net assets     | (124,544)                            | (3,155)                            | (127,699)                          |
| Net assets, beginning, as restated    | 1,077,428                            | 719,368                            | 1,796,796                          |
| Net Assets, Ending                    | \$952,884                            | \$716,213                          | \$1,669,097                        |

The Township's total revenues were \$947,467. The total cost of all programs and services was \$1,075,166 leaving a decrease in net assets of \$127,699. Our analysis below separately considers the operations of governmental and business-type activities:

## Governmental Activities

### General Fund

The General Fund had a decrease in fund balance of \$1,529.

The decrease in fund balance was caused by an increase in utility costs.

### Fire Department

The Fire Department had a decrease in fund balance of \$24,810.

The decrease in fund balance was caused by a capital purchase required to fulfill our obligation to the grantor for a grant which enabled the Fire Department to add additional firefighting capability.

### Township Improvement

The Township Improvement fund had a decrease in fund balance of \$6,766.

The decrease in fund balance was caused by higher than expected expenses.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

### Revolving Loan Fund

The Revolving Loan fund had an increase in fund balance of \$12,158.

The increase in fund balance was due to prompt payment by borrowers and accumulation of interest.

### Non-Major Governmental Activity Funds

The Non-Major Governmental Activity Funds had a decrease in fund balance of \$13,102.

Due from immaterial items.

### **Business-Type Activities**

#### Water System Fund

The Water System Fund had a decrease in net assets of \$20,937.

Major emergency repair expenses were responsible for this decrease.

#### Fuel System Fund

The fuel system fund had an increase in net assets of \$376.

Higher revenue is due to generation from an increase in ancillary uses.

#### Woodland Park Fund

The Woodland Park Fund had an increase of \$30,119.

Park Manager used strict management controls.

#### Marina Fund

The Marina Fund had a decrease in net assets of \$12,713.

Emergency upgrades were responsible for a decrease in funds which are expected to be reimbursed through state grants.

### **THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a *combined* fund balance of \$352,910 a decrease of \$34,049 from the beginning of the year.

#### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board revised the budget a few times.

We amended the budget several times, due to revenue shortfalls.

With these adjustments, actual charges to expenditures were \$6,336, more than the final amended budget. Conversely, revenues were \$928 more than the final budget projection.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of fiscal 2004, the Township had \$1,350,547 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment. (See table 3 below)

# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 3  
Capital Assets at Year-End (Net of Depreciation)

|                            | Governmental<br>Activities - 2004 | Business-Type<br>Activities - 2004 | Totals - 2004      |
|----------------------------|-----------------------------------|------------------------------------|--------------------|
| Land                       | \$ 54,200                         | \$ 22,000                          | \$ 76,200          |
| Buildings and improvements | 453,650                           | 663,955                            | 1,117,605          |
| Equipment and furnishings  | 156,742                           | -                                  | 156,742            |
| TOTALS                     | <u>\$664,592</u>                  | <u>\$685,955</u>                   | <u>\$1,350,547</u> |

The Fire Department purchased a new pickup truck and a new Skid Unit.

## Debt

At year-end, the Township had \$246,216 in bonds and notes outstanding as depicted in Table 4 below.

Table 4  
Outstanding Debt at Year-End

|              | Governmental<br>Activities - 2004 | Business-Type<br>Activities - 2004 | Totals - 2004    |
|--------------|-----------------------------------|------------------------------------|------------------|
| Revenue Bond | \$ -                              | \$134,000                          | \$134,000        |
| Note Payable | 64,618                            | 58,588                             | 123,206          |
| TOTALS       | <u>\$64,618</u>                   | <u>\$192,588</u>                   | <u>\$257,206</u> |

There were no new additions to debt for this year and further details on long-term debt can be found in the Footnotes to the Financial Statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Township's budget for the year ending March 31, 2005, the Township considered the following issues:

We changed the fiscal year to reflect the actual needs (revenues and expenses) of the Township due to its seasonal impact from tourism. As a result, our fund balances and tax collections will be in place prior to the start of the fiscal year thereby reducing shortfalls throughout the fiscal year.

## CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Burt, P.O. Box 430, Grand Marais, MI 49859.

**TOWNSHIP OF BURT, MICHIGAN**

**STATEMENT OF NET ASSETS**

June 30, 2004

|  | <b>Governmental<br/>Activities</b> | <b>Primary Government<br/>Business Type<br/>Activities</b> | <b>Total</b>        |
|--|------------------------------------|--|---------------------|
| <b>ASSETS</b>                                  |                                    |  |                     |
| Current Assets:                                |                                    |  |                     |
| Cash and investments                           | \$ 320,423                         | \$ 229,185   | \$ 549,608          |
| Receivables (net)                              | 179,429                            | 14,519   | 193,948             |
| Prepaid Expense                                | 5,000                              | -  | 5,000               |
| <b>TOTAL CURRENT ASSETS</b>                    | <b>504,852</b>                     | <b>243,704</b>   | <b>748,556</b>      |
| Non-current assets:                            |                                    |  |                     |
| Capital assets                                 | 1,699,761                          | 1,395,829  | 3,095,590           |
| Accumulated depreciation                       | (1,035,169)                        | (709,874)  | (1,745,043)         |
| Total Capital Assets                           | 664,592                            | 685,955  | 1,350,547           |
| <b>TOTAL NON-CURRENT ASSETS</b>                | <b>664,592</b>                     | <b>685,955</b>   | <b>1,350,547</b>    |
| <b>TOTAL ASSETS</b>                            | <b>1,169,444</b>                   | <b>929,659</b>   | <b>2,099,103</b>    |
| <b>LIABILITIES:</b>                            |                                    |  |                     |
| Current Liabilities:                           |                                    |  |                     |
| Accounts payable                               | 13,592                             | 19,183   | 32,775              |
| Accrued liabilities                            | 6,283                              | -  | 6,283               |
| Deferred revenue                               | 132,067                            | -  | 132,067             |
| Accrued interest                               | -                                  | 1,675  | 1,675               |
| Current portion of notes payable               | 27,100                             | 43,148   | 70,248              |
| Other current liabilities                      | -                                  | -  | -                   |
| <b>TOTAL CURRENT LIABILITIES</b>               | <b>179,042</b>                     | <b>64,006</b>  | <b>243,048</b>      |
| Non-current Liabilities:                       |                                    |  |                     |
| Compensated absences                           | -                                  | -  | -                   |
| Notes payable                                  | 37,518                             | 149,440  | 186,958             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           | <b>37,518</b>                      | <b>149,440</b>   | <b>186,958</b>      |
| <b>TOTAL LIABILITIES</b>                       | <b>216,560</b>                     | <b>213,446</b>   | <b>430,006</b>      |
| <b>NET ASSETS</b>                              |                                    |  |                     |
| Invested in capital assets net of related debt | 599,974                            | 493,367  | 1,093,341           |
| Restricted for:                                |                                    |  |                     |
| Debt Service                                   | -                                  | 31,426   | 31,426              |
| Unrestricted                                   | 352,910                            | 191,420  | 544,330             |
| <b>TOTAL NET ASSETS</b>                        | <b>\$ 952,884</b>                  | <b>\$ 716,213</b>  | <b>\$ 1,669,097</b> |

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BURT, MICHIGAN

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2004

| Function / Programs                         | Program Revenues    |                      |                                    | Net (Expense) Revenue and Changes in Net Assets |                         |                          |
|---|---------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|
|   | Expenses            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                | Primary Government      |                          |
|   |                     |                      |                                    |   | Governmental Activities | Business Type Activities |
| <b>Primary Government:</b>                  |                     |                      |                                    |   |                         |                          |
| Governmental Activities:                    |                     |                      |                                    |   |                         |                          |
| Legislative                                 | \$ 4,223            | \$ -                 | \$ -                               | \$ -  | \$ (4,223)              | \$ -                     |
| Elections                                   | 440                 | -                    | -                                  | -   | (440)                   | -                        |
| General services and administration         | 260,549             | 118,516              | -                                  | -   | (142,033)               | -                        |
| Public safety                               | 82,326              | 644                  | 30,548                             | -   | (51,134)                | -                        |
| Public works                                | 45,211              | -                    | -                                  | -   | (45,211)                | -                        |
| Health and Welfare                          | 57,496              | 27,885               | 25,904                             | -   | (3,707)                 | -                        |
| Community and economic development          | 21,218              | 2,257                | -                                  | -   | (18,961)                | -                        |
| Recreation and culture                      | 39,560              | 4,471                | 15,756                             | -   | (19,333)                | -                        |
| Other                                       | 15,265              | -                    | -                                  | -   | (15,265)                | -                        |
| Capital outlay                              | -                   | -                    | -                                  | -   | -                       | -                        |
| Debt service                                | 29,886              | -                    | -                                  | -   | (29,886)                | -                        |
| Unallocated depreciation                    | 116,316             | -                    | -                                  | -   | (116,316)               | -                        |
| <b>Total Governmental Activities</b>        | <b>672,490</b>      | <b>153,773</b>       | <b>72,208</b>                      | <b>-</b>  | <b>(446,509)</b>        | <b>-</b>                 |
| <b>Business Type Activities:</b>            |                     |                      |                                    |   |                         |                          |
| Water System                                | 107,687             | 84,454               | -                                  | -   | -                       | (23,233)                 |
| Fuel System                                 | 51,011              | 51,387               | -                                  | -   | -                       | 376                      |
| Woodland Park                               | 177,546             | 197,303              | -                                  | 10,000  | -                       | 29,757                   |
| Marina                                      | 66,432              | 23,566               | -                                  | 2,500   | -                       | (40,366)                 |
| <b>Total Business Type Activities</b>       | <b>402,676</b>      | <b>356,710</b>       | <b>-</b>                           | <b>12,500</b>                                   | <b>(33,466)</b>         | <b>(33,466)</b>          |
| <b>TOTAL PRIMARY GOVERNMENT</b>             | <b>\$ 1,075,166</b> | <b>\$ 510,483</b>    | <b>\$ 72,208</b>                   | <b>\$ 12,500</b>                                | <b>(446,509)</b>        | <b>(479,975)</b>         |
| General Revenues:                           |                     |                      |                                    |   |                         |                          |
| Taxes                                       |                     |                      |                                    |   |                         |                          |
| Unrestricted State sources                  |                     |                      |                                    |   | 207,674                 | 207,674                  |
| Interest and investment earnings            |                     |                      |                                    |   | 48,899                  | 48,899                   |
| Miscellaneous                               |                     |                      |                                    |   | 14,830                  | 17,641                   |
| Transfers                                   |                     |                      |                                    |   | 78,062                  | 78,062                   |
|   |                     |                      |                                    |   | (27,500)                | 27,500                   |
|   |                     |                      |                                    |   | 321,965                 | 30,311                   |
|   |                     |                      |                                    |   | (124,544)               | (3,155)                  |
|   |                     |                      |                                    |   | 1,077,428               | 719,368                  |
|   |                     |                      |                                    |   | \$ 952,884              | \$ 716,213               |
|   |                     |                      |                                    |   |                         | \$ 1,669,097             |
| <b>TOTAL GENERAL REVENUES AND TRANSFERS</b> |                     |                      |                                    |   |                         |                          |
| <b>CHANGE IN NET ASSETS</b>                 |                     |                      |                                    |   |                         |                          |
| Net assets, beginning of year, as restated  |                     |                      |                                    |   |                         |                          |
| <b>NET ASSETS, END OF YEAR</b>              |                     |                      |                                    |   |                         |                          |

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BURT, MICHIGAN**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

June 30, 2004

| <b>ASSETS</b>        | <b>General<br/>Fund</b> | <b>Fire<br/>Department<br/>Fund</b> | <b>Township<br/>Improvement<br/>Fund</b> | <b>Revolving<br/>Loan<br/>Fund</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------|-------------------------|-------------------------------------|--|------------------------------------|---|---|
| Cash and investments | \$ 14,781               | \$ 72,174                           | \$ 31,263                                | \$ 73,140                          | \$ 129,065                                  | \$ 320,423                              |
| Receivables          | 11,595                  | -                                   | -  | 132,067                            | 10,787                                      | 154,449                                 |
| Due from other funds | 28,301                  | 12,326                              | 34,862                                   | -                                  | 901   | 76,390                                  |
| Prepaid expense      | -                       | -                                   | -  | -                                  | 5,000                                       | 5,000                                   |
| <b>TOTAL ASSETS</b>  | <b>\$ 54,677</b>        | <b>\$ 84,500</b>                    | <b>\$ 66,125</b>                         | <b>\$ 205,207</b>                  | <b>\$ 145,753</b>                           | <b>\$ 556,262</b>                       |

**LIABILITIES AND FUND BALANCE**

**LIABILITIES:**

|                             |               |               |               |                |              |                |
|-----------------------------|---------------|---------------|---------------|----------------|--------------|----------------|
| Accounts payable            | \$ 2,934      | \$ -          | \$ 8,340      | \$ -           | \$ 2,318     | \$ 13,592      |
| Accrued payroll and related | 6,283         | -             | -             | -              | -            | 6,283          |
| Due to other funds          | 13,892        | 24,027        | 8,404         | -              | 5,087        | 51,410         |
| Deferred revenue            | -             | -             | -             | 132,067        | -            | 132,067        |
| <b>TOTAL LIABILITIES</b>    | <b>23,109</b> | <b>24,027</b> | <b>16,744</b> | <b>132,067</b> | <b>7,405</b> | <b>203,352</b> |

**FUND BALANCE:**

Unreserved:

|   |                  |                  |                  |                   |                   |                   |
|---|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| <b>TOTAL FUND BALANCE</b>                     | <b>31,568</b>    | <b>60,473</b>    | <b>49,381</b>    | <b>73,140</b>     | <b>138,348</b>    | <b>352,910</b>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <b>\$ 54,677</b> | <b>\$ 84,500</b> | <b>\$ 66,125</b> | <b>\$ 205,207</b> | <b>\$ 145,753</b> | <b>\$ 556,262</b> |

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BURT, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

June 30, 2004

Total Fund Balances for Governmental Funds

\$ 352,910

*Amounts reported for governmental activities in the statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

|                                   |                    |         |
|-----------------------------------|--------------------|---------|
| Cost of Capital Assets            | 1,699,761          |         |
| Accumulated Deprecation of Assets | <u>(1,035,169)</u> | 664,592 |

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

|                                  |               |  |
|----------------------------------|---------------|--|
| Current portion of notes payable | \$ 27,100     |  |
| Compensated absences             | -             |  |
| Notes payable                    | <u>37,518</u> |  |

NET ASSETS OF GOVERNMENTAL ACTIVITIES

|    |                       |
|----|-----------------------|
|    | (64,618)              |
| \$ | <u><u>952,884</u></u> |

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BURT, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2004

|   | <b>General<br/>Fund</b> | <b>Fire<br/>Department<br/>Fund</b> | <b>Township<br/>Improvement<br/>Fund</b> | <b>Revolving<br/>Loan<br/>Fund</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|-------------------------------------|--|------------------------------------|---|---|
| <b>REVENUES:</b>  |                         |                                     |  |                                    |   |   |
| Taxes   | \$ 67,993               | \$ 44,110                           | \$ 88,234                                | \$ -                               | \$ 7,337                                    | \$ 207,674                              |
| Licenses and Permits                                    | -                       | -                                   | -  | -                                  | -   | -                                       |
| Federal Sources   | -                       | -                                   | -  | -                                  | -   | -                                       |
| State Sources   | 48,899                  | -                                   | -  | -                                  | -   | -                                       |
| Local Sources   | 15,756                  | 29,150                              | -  | -                                  | 1,398                                       | 50,297                                  |
| Charges for Services                                    | 122,619                 | 644                                 | -  | -                                  | 25,904                                      | 70,810                                  |
| Fines and Forfeits                                      | -                       | -                                   | 2,625                                    | -                                  | 27,885                                      | 153,773                                 |
| Interest and Rents                                      | 349                     | 792                                 | -  | -                                  | -   | -                                       |
| Other Revenue   | 43,389                  | -                                   | 722                                      | 11,113                             | 1,854                                       | 14,830                                  |
| <b>TOTAL REVENUES</b>                                   | <b>299,005</b>          | <b>74,696</b>                       | <b>97,624</b>                            | <b>18,437</b>                      | <b>10,193</b>                               | <b>78,062</b>                           |
|   |                         |                                     | <b>97,624</b>                            | <b>29,550</b>                      | <b>74,571</b>                               | <b>575,446</b>                          |
| <b>EXPENDITURES:</b>                                    |                         |                                     |  |                                    |   |   |
| Legislative   | 4,223                   | -                                   | -  | -                                  | -   | 4,223                                   |
| Judicial  | -                       | -                                   | -  | -                                  | -   | -                                       |
| Elections   | 440                     | -                                   | -  | -                                  | -   | 440                                     |
| General Government                                      | 253,909                 | -                                   | 6,640                                    | -                                  | -   | 260,549                                 |
| Public Safety   | -                       | 80,928                              | -  | -                                  | -   | 82,326                                  |
| Public Works  | -                       | -                                   | 71,032                                   | -                                  | 1,398                                       | 71,032                                  |
| Health and Welfare                                      | -                       | -                                   | -  | -                                  | -   | -                                       |
| Community and Economic Development                      | 3,826                   | -                                   | -  | -                                  | 57,496                                      | 57,496                                  |
| Recreation and Culture                                  | 38,136                  | -                                   | -  | 17,392                             | -   | 21,218                                  |
| Other Functions   | -                       | -                                   | 145                                      | -                                  | 1,279                                       | 39,560                                  |
| Capital Outlay  | -                       | -                                   | 15,265                                   | -                                  | -   | 15,265                                  |
| Debt Service  | -                       | -                                   | -  | -                                  | -   | -                                       |
| <b>TOTAL EXPENDITURES</b>                               | <b>300,534</b>          | <b>99,506</b>                       | <b>11,308</b>                            | <b>17,392</b>                      | <b>60,173</b>                               | <b>29,886</b>                           |
|   |                         |                                     | <b>104,390</b>                           |                                    |   | <b>581,995</b>                          |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(1,529)</b>          | <b>(24,810)</b>                     | <b>(6,766)</b>                           | <b>12,158</b>                      | <b>14,398</b>                               | <b>(6,549)</b>                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                                     |  |                                    |   |   |
| Transfers in  | -                       | -                                   | -  | -                                  | -   | -                                       |
| Transfers (out)   | -                       | -                                   | -  | -                                  | (27,500)                                    | (27,500)                                |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>                | <b>-</b>                            | <b>-</b>                                 | <b>-</b>                           | <b>(27,500)</b>                             | <b>(27,500)</b>                         |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>(1,529)</b>          | <b>(24,810)</b>                     | <b>(6,766)</b>                           | <b>12,158</b>                      | <b>(13,102)</b>                             | <b>(34,049)</b>                         |
| Fund balance, beginning of year, as restated            | 33,097                  | 85,283                              | 56,147                                   | 60,982                             | 151,450                                     | 386,959                                 |
| <b>FUND BALANCE, END OF YEAR</b>                        | <b>\$ 31,568</b>        | <b>\$ 60,473</b>                    | <b>\$ 49,381</b>                         | <b>\$ 73,140</b>                   | <b>\$ 138,348</b>                           | <b>\$ 352,910</b>                       |

The accompanying notes are an integral part of these financial statements.



**TOWNSHIP OF BURT, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2004

**Net Change in Fund Balances - Total Governmental Funds**

**\$ (34,049)**

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated  
over their estimated useful lives as depreciation expense. This is  
the amount by which capital outlays exceeded depreciation in the  
current period.

Capital outlays  
Depreciation expense

\$ -  
(116,316)

(116,316)

Some expenses reported in the statement of activities, such as  
compensated absences, do not require the use of current financial  
resources and therefore are not reported as expenditures in  
governmental funds.

Repayment of loan principal is an expenditure in the governmental  
funds but repayment reduces long-term liabilities in the statement  
of net assets.

-  
\_\_\_\_\_  
25,821  
\_\_\_\_\_

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**\$ (124,544)**

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BURT, MICHIGAN**

**PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS**

June 30, 2004

**Business - Type Activities  
Enterprise Funds**

|  | Water<br>System<br>Fund | Fuel<br>System<br>Fund | Woodland<br>Park<br>Fund | Marina<br>Fund   | Total             |
|--|-------------------------|------------------------|--------------------------|------------------|-------------------|
| <b>ASSETS:</b>                                 |                         |                        |                          |                  |                   |
| Current Assets:                                |                         |                        |                          |                  |                   |
| Cash and investments                           | \$ 184,700              | \$ 896                 | \$ 34,025                | \$ 9,564         | \$ 229,185        |
| Accounts receivable, net                       | 647                     | 1,112                  | 5,951                    | 6,809            | 14,519            |
| Due from other funds                           | 7,885                   | -                      | -                        | -                | 7,885             |
| Prepaid expense                                | -                       | -                      | -                        | -                | -                 |
| <b>TOTAL CURRENT ASSETS</b>                    | <u>193,232</u>          | <u>2,008</u>           | <u>39,976</u>            | <u>16,373</u>    | <u>251,589</u>    |
| Non-current Assets:                            |                         |                        |                          |                  |                   |
| Capital assets                                 | 864,944                 | 100,000                | 383,885                  | 47,000           | 1,395,829         |
| Accumulated depreciation                       | (572,158)               | (20,000)               | (115,466)                | (2,250)          | (709,874)         |
| <b>TOTAL NON-CURRENT ASSETS</b>                | <u>292,786</u>          | <u>80,000</u>          | <u>268,419</u>           | <u>44,750</u>    | <u>685,955</u>    |
| <b>TOTAL ASSETS</b>                            | <u>486,018</u>          | <u>82,008</u>          | <u>308,395</u>           | <u>61,123</u>    | <u>937,544</u>    |
| <b>LIABILITIES:</b>                            |                         |                        |                          |                  |                   |
| Current Liabilities:                           |                         |                        |                          |                  |                   |
| Accounts payable                               | -                       | -                      | 6,973                    | 8,891            | 15,864            |
| Accrued liabilities                            | -                       | -                      | -                        | -                | -                 |
| Due to other funds                             | -                       | -                      | 8,745                    | 2,459            | 11,204            |
| Accrued interest payable                       | 1,675                   | -                      | -                        | -                | 1,675             |
| Current portion of long-term debt              | 9,000                   | 4,898                  | 29,250                   | -                | 43,148            |
| <b>TOTAL CURRENT LIABILITIES</b>               | <u>10,675</u>           | <u>4,898</u>           | <u>44,968</u>            | <u>11,350</u>    | <u>71,891</u>     |
| Non-current Liabilities:                       |                         |                        |                          |                  |                   |
| Bond payable                                   | 125,000                 | 24,440                 | -                        | -                | 149,440           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           | <u>125,000</u>          | <u>24,440</u>          | <u>-</u>                 | <u>-</u>         | <u>149,440</u>    |
| <b>TOTAL LIABILITIES</b>                       | <u>135,675</u>          | <u>29,338</u>          | <u>44,968</u>            | <u>11,350</u>    | <u>221,331</u>    |
| <b>NET ASSETS:</b>                             |                         |                        |                          |                  |                   |
| Invested in capital assets net of related debt | 158,786                 | 50,662                 | 239,169                  | 44,750           | 493,367           |
| Restricted - debt service                      | 31,426                  | -                      | -                        | -                | 31,426            |
| Unrestricted                                   | 160,131                 | 2,008                  | 24,258                   | 5,023            | 191,420           |
| <b>TOTAL NET ASSETS</b>                        | <u>\$ 350,343</u>       | <u>\$ 52,670</u>       | <u>\$ 263,427</u>        | <u>\$ 49,773</u> | <u>\$ 716,213</u> |

The accompanying notes are an integral part of these financial statements.

# TOWNSHIP OF BURT, MICHIGAN

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2004

|  | Business - Type Activities<br>Enterprise Funds |                        |                          |                   |
|--|--|------------------------|--------------------------|-------------------|
|  | Water<br>System<br>Fund                        | Fuel<br>System<br>Fund | Woodland<br>Park<br>Fund | Marina<br>Fund    |
|  |  |                        |                          | Total             |
| <b>OPERATING REVENUES:</b>                     |  |                        |                          |                   |
| Charges for services (net)                     | \$ 84,454                                      | \$ 51,387              | \$ 197,303               | \$ 356,710        |
| Other operating revenue                        | -  | -                      | -                        | -                 |
| <b>TOTAL OPERATING REVENUES</b>                | <b>84,454</b>                                  | <b>51,387</b>          | <b>197,303</b>           | <b>356,710</b>    |
| <b>OPERATING EXPENSES:</b>                     |  |                        |                          |                   |
| Operating expenses                             | 77,651   | 43,560                 | 165,595                  | 350,988           |
| Depreciation                                   | 22,998   | 5,000                  | 9,347                    | 39,595            |
| <b>TOTAL OPERATING EXPENSES</b>                | <b>100,649</b>                                 | <b>48,560</b>          | <b>174,942</b>           | <b>390,583</b>    |
| <b>OPERATING INCOME (LOSS)</b>                 | <b>(16,195)</b>                                | <b>2,827</b>           | <b>22,361</b>            | <b>(33,873)</b>   |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>      |  |                        |                          |                   |
| Grants and donations                           | -  | -                      | 10,000                   | 12,500            |
| Investment income                              | 2,296  | -                      | 362                      | 2,811             |
| Interest expense                               | (7,038)  | (2,451)                | (2,604)                  | (12,093)          |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b> | <b>(4,742)</b>                                 | <b>(2,451)</b>         | <b>7,758</b>             | <b>3,218</b>      |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>          | <b>(20,937)</b>                                | <b>376</b>             | <b>30,119</b>            | <b>(30,655)</b>   |
| Transfer in                                    | -  | -                      | -                        | 27,500            |
| Transfer (out)                                 | -  | -                      | -                        | -                 |
| <b>CHANGE IN NET ASSETS</b>                    | <b>(20,937)</b>                                | <b>376</b>             | <b>30,119</b>            | <b>(3,155)</b>    |
| Net assets, beginning of year                  | 371,280  | 52,294                 | 233,308                  | 719,368           |
| <b>NET ASSETS, END OF YEAR</b>                 | <b>\$ 350,343</b>                              | <b>\$ 52,670</b>       | <b>\$ 263,427</b>        | <b>\$ 716,213</b> |

The accompanying notes are an integral part of these financial statements.

## TOWNSHIP OF BURT, MICHIGAN

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2004

|  | Business -Type Activities<br>Enterprise Funds |                        |                          |                    | Total             |
|--|---|------------------------|--------------------------|--------------------|-------------------|
|  | Water<br>System<br>Fund                       | Fuel<br>System<br>Fund | Woodland<br>Park<br>Fund | Marina<br>Fund     |                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |   |                        |                          |                    |                   |
| Cash received from fees and charges for services   | \$ 96,065                                     | \$ 50,275              | \$ 191,352               | \$ 16,757          | \$ 354,449        |
| Other operating revenues   | -   | -                      | -                        | -                  | -                 |
| Cash payments to employees for services  | (24,354)                                      | -                      | (56,866)                 | (8,007)            | (89,227)          |
| Cash payments to suppliers for goods and services  | (53,295)                                      | (43,559)               | (101,756)                | (47,284)           | (245,894)         |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b>18,416</b>                                 | <b>6,716</b>           | <b>32,730</b>            | <b>(38,534)</b>    | <b>19,328</b>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>                               |   |                        |                          |                    |                   |
| Increase (decrease) interfund activity   | 3,179   | -                      | (309)                    | 30,264             | 33,134            |
| Grants and donations   | -   | -                      | 10,000                   | 2,500              | 12,500            |
| Cash payments for capital assets   | -   | -                      | -                        | -                  | -                 |
| Interest payments on bonds   | (7,151)                                       | (2,451)                | (2,604)                  | -                  | (12,206)          |
| Principal payments on bonds  | (9,000)                                       | (4,569)                | (19,250)                 | -                  | (32,819)          |
| <b>NET CASH PROVIDED (USED) BY CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b>                    | <b>(12,972)</b>                               | <b>(7,020)</b>         | <b>(12,163)</b>          | <b>32,764</b>      | <b>609</b>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |   |                        |                          |                    |                   |
| Interest income  | 2,296   | -                      | 362                      | 153                | 2,811             |
| (Additions) deductions to board designated and restricted assets                                   | 95,018  | -                      | -                        | -                  | 95,018            |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>  | <b>97,314</b>                                 | <b>-</b>               | <b>362</b>               | <b>153</b>         | <b>97,829</b>     |
| <b>NET INCREASE (DECREASE) IN<br/>CASH AND CASH EQUIVALENTS</b>                                    | <b>102,758</b>                                | <b>(304)</b>           | <b>20,929</b>            | <b>(5,617)</b>     | <b>117,766</b>    |
| Cash and cash equivalents, beginning of year   | 81,942  | 1,200                  | 13,096                   | 15,181             | 111,419           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | <b>\$ 184,700</b>                             | <b>\$ 896</b>          | <b>\$ 34,025</b>         | <b>\$ 9,564</b>    | <b>\$ 229,185</b> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |   |                        |                          |                    |                   |
| Operating income (loss)  | \$ (16,193)                                   | \$ 2,828               | \$ 22,361                | \$ (42,866)        | \$ (33,870)       |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities:         |   |                        |                          |                    |                   |
| Depreciation   | 22,998  | 5,000                  | 9,347                    | 2,250              | 39,595            |
| Change in assets and liabilities:  |   |                        |                          |                    |                   |
| (Increase) decrease in accounts receivable   | 11,611  | (1,112)                | (5,951)                  | (6,809)            | (2,261)           |
| (Increase) decrease in prepaid expense   | -   | -                      | -                        | -                  | -                 |
| (Increase) decrease in due from funds  | -   | -                      | -                        | -                  | -                 |
| Increase (decrease) in accrued interest  | -   | -                      | -                        | -                  | -                 |
| Increase (decrease) in accounts payable  | -   | -                      | -                        | -                  | -                 |
| Increase (decrease) in accrued liabilities   | -   | -                      | 6,973                    | 8,891              | 15,864            |
| <b>NET ADJUSTMENTS</b>   | <b>34,609</b>                                 | <b>3,888</b>           | <b>10,369</b>            | <b>4,332</b>       | <b>53,198</b>     |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b>\$ 18,416</b>                              | <b>\$ 6,716</b>        | <b>\$ 32,730</b>         | <b>\$ (38,534)</b> | <b>\$ 19,328</b>  |

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BURT, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2004

|                           | <u>Agency<br/>Funds</u> |
|---------------------------|-------------------------|
| <b>ASSETS:</b>            |                         |
| Cash and cash equivalents | \$ 1                    |
| Taxes receivable - net    | <u>21,660</u>           |
| <b>TOTAL ASSETS</b>       | <u><u>\$ 21,661</u></u> |
| <b>LIABILITIES:</b>       |                         |
| Due to other funds        | \$ 21,661               |
| Due to others             | <u>-</u>                |
| <b>TOTAL LIABILITIES</b>  | <u><u>\$ 21,661</u></u> |

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BURT, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS

June 30, 2004

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

**(1) REPORTING ENTITY**

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

**(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township's Water System, Fuel System, Woodland Park and Marina are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of Interfund activities has been removed from these statements.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:**

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

***Governmental Funds:***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

***General Fund*** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

***Special Revenue***– Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

***Proprietary Funds***

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Township:

- ***Enterprise Funds*** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Fire Department Fund** is used to account for revenue and expenses of the Fire Department.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- The **Township Improvement Fund** is used to account for the revenues and expenses of the Department of Public Works.
- The **Revolving Loan Fund** is used to account for the activity of the economic development loans.

The Township reports the following major proprietary funds:

- The **Sewer Fund** is used to account for the revenues and expenses for the operation of a sewer system.
- The **Fuel Fund** is used to account for the revenues and expenses for the operation of a water system.
- The **Woodland Park Fund** is used to account for revenues and expenses for the operation of the Township Campground.
- The **Marina Fund** is used to account for revenues and expenses for the operation of the Township Marina.

### (4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### **Accrual**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

#### **Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.



**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(5) FINANCIAL STATEMENT AMOUNTS**

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to June 30 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
  2. The following considerations must be reviewed in determination of transfer approvals.
    - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
    - b. Will the transfer maintain the financial integrity of the Township?  
Will the transfer provide a reasonable solution to the Departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

**Cash Equivalents and Investments** - For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

|                                       |             |
|---------------------------------------|-------------|
| Land improvements                     | 15 years    |
| Building, structures and improvements | 10-40 years |
| Equipment                             | 5 years     |
| Water and Sewage System               | 20-50 years |
| Vehicles                              | 5 years     |
| Infrastructure                        | 20-50 years |

**Long-Term Liabilities:** In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Property Taxes** – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

**Interfund Activity** – Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Implementation of New Accounting Principles** – In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB No. 34). Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operation's.
  - Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (e.g. streets, bridges and sidewalks)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). There was no current year addition to infrastructure to be reported in these financial statements.

## NOTE B – DEPOSITS AND INVESTMENTS:

The composition of cash and investments as reported in the combined balance sheet is presented below:

|                          |                               |
|--------------------------|-------------------------------|
|                          | <u>Primary<br/>Government</u> |
| Cash and Investments:    |                               |
| Unrestricted             | <u>\$549,609</u>              |
| Composition of Balances: |                               |
| Cash in banks            | 435,893                       |
| Certificates of Deposit  | 113,716                       |
| TOTAL                    | <u>\$549,609</u>              |

Act 196, PA 1997, authorized the Township to deposit and invest in:

- a. Bonds, securities, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Banker's acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.
- g. Obligation of the State of Michigan or its political subdivisions which are rated investment grade.
- h. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

**Deposits**

At year-end, the carrying amount of the Township's deposits were \$435,893 and the bank balance was \$453,552. Of the bank balance, \$100,000 was covered by federal depository insurance according to FDIC regulations.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the Township and specific funds. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

**NOTE C – INTERFUND RECEIVABLES AND PAYABLES:**

| <u>Fund</u>          | <u>Receivable</u> | <u>Fund</u>          | <u>Payable</u>  |
|----------------------|-------------------|----------------------|-----------------|
| General Fund         | \$28,301          | Fiduciary Funds      | \$ 3,036        |
|                      |                   | Non-Major            | 5,087           |
|                      |                   | Township Improvement | 8,404           |
|                      |                   | Woodland Park        | 8,745           |
|                      |                   | Marina               | 2,459           |
| Fire                 | 12,326            | Fiduciary            | 5,416           |
|                      |                   | General              | 6,910           |
| Township Improvement | 34,862            | FID                  | 10,835          |
|                      |                   | Fire                 | 24,027          |
| Non-Major Government | 901               | Fiduciary            | 901             |
| Water                | 7,885             | FID                  | 903             |
|                      |                   | General              | 6,982           |
|                      | <u>\$84,275</u>   |                      | <u>\$84,275</u> |

**NOTE D – INTERFUND TRANSFERS IN AND TRANSFERS OUT:**

The Interfund transfers for the year are as follows:

| <u>Fund</u> | <u>Transfer In</u> | <u>Fund</u>                  | <u>Transfer Out</u> |
|-------------|--------------------|------------------------------|---------------------|
| Marina Fund | <u>\$ 27,500</u>   | Non-Major Governmental Funds | <u>\$ 27,500</u>    |

## NOTE E – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

|   | Balance at<br>July 1, 2003 | Additions  | Disposals | Balance at<br>June 30, 2004 |
|---|----------------------------|------------|-----------|-----------------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>             |                            |            |           |                             |
| Land  | \$ 54,200                  | \$ -       | \$ -      | \$ 54,200                   |
| Total Capital Assets, not being depreciated | \$ 54,200                  | -          | -         | \$ 54,200                   |
| Buildings and improvements                  | 1,066,500                  | -          | -         | 1,066,500                   |
| Furniture and equipment                     | 230,199                    | 8,000      | -         | 238,199                     |
| Vehicles                                    | 316,462                    | 24,400     | -         | 340,862                     |
| Total Capital Assets, being depreciated     | 1,613,161                  | 32,400     | -         | 1,645,561                   |
| Less Accumulated Depreciation:              |                            |            |           |                             |
| Building and improvements                   | (586,187)                  | (26,663)   | -         | (612,850)                   |
| Furniture and equipment                     | (137,139)                  | (40,540)   | -         | (177,679)                   |
| Vehicles                                    | (195,526)                  | (49,114)   | -         | (244,640)                   |
| Total Accumulated Depreciation              | (918,852)                  | (116,317)  | -         | (1,035,169)                 |
| Governmental Activities Capital Assets, Net | \$ 748,509                 | \$(83,917) | \$ -      | \$ 664,592                  |

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

Unallocated Depreciation \$116,317

A summary of changes in business-type activities capital assets is as follows:

|   | Balance at<br>July 1, 2003 | Additions  | Disposals | Balance at<br>June 30, 2004 |
|---|----------------------------|------------|-----------|-----------------------------|
| <b>BUSINESS-TYPE ACTIVITIES:</b>            |                            |            |           |                             |
| Land  | \$ 22,000                  | \$ -       | \$ -      | \$ 22,000                   |
| Total Capital Assets, not being depreciated | 22,000                     | -          | -         | 22,000                      |
| Buildings and improvements                  | 1,373,829                  | -          | -         | 1,373,829                   |
| Equipment                                   | -                          | -          | -         | -                           |
| Total Capital Assets, being depreciated     | 1,373,829                  | -          | -         | 1,373,829                   |
| Less Accumulated Depreciation:              |                            |            |           |                             |
| Buildings and improvements                  | (670,279)                  | (39,595)   | -         | (709,874)                   |
| Equipment                                   | -                          | -          | -         | -                           |
| Total Accumulated Depreciation              | (670,279)                  | (39,595)   | -         | (709,874)                   |
| Business-Type Capital Assets, Net           | \$ 725,550                 | \$(39,595) | \$ -      | \$ 685,955                  |

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

|   |                 |
|---|-----------------|
| Business-Type Activities:                             |                 |
| Sewer Fund  | \$22,998        |
| Fuel System Fund                                      | 5,000           |
| Woodland Park Fund                                    | 9,347           |
| Marina Fund   | 2,250           |
| Total Depreciation Expense – Business-Type Activities | <u>\$39,595</u> |

# NOTE F – LONG-TERM DEBT:

## Fire Truck Loan

|           | September 1    |                 | March 1        |                 |                 |
|-----------|----------------|-----------------|----------------|-----------------|-----------------|
|           | Interest       | Principal       | Interest       | Principal       | Total           |
| 2004-2005 | \$1,332        | \$7,956         | \$1,135        | \$8,154         | \$ 18,577       |
| 2005-2006 | 932            | 8,356           | 725            | 8,564           | 18,577          |
| 2006-2007 | 511            | 8,776           | 295            | 8,995           | 18,577          |
| 2007-2008 | -              | 2,827           | -              | -               | 2,827           |
| TOTALS    | <u>\$2,775</u> | <u>\$27,915</u> | <u>\$2,155</u> | <u>\$25,713</u> | <u>\$58,558</u> |

The note was originally issued for \$139,506 on June 22, 2000. Loan payments are due semi-annually, September 1<sup>st</sup> and March 1<sup>st</sup> with an interest rate of 6.05%.

## Water System Bond

|           | September 1     |  | March 1         |                  |                  |
|-----------|-----------------|--|-----------------|------------------|------------------|
|           | Interest        |  | Interest        | Principal        | Total            |
| 2004-2005 | \$ 3,350        |  | \$ 3,350        | \$ 9,000         | \$ 15,700        |
| 2005-2006 | 3,125           |  | 3,125           | 9,000            | 15,250           |
| 2006-2007 | 2,900           |  | 2,900           | 9,000            | 14,800           |
| 2007-2008 | 2,675           |  | 2,675           | 9,000            | 14,350           |
| 2008-2009 | 2,450           |  | 2,450           | 9,000            | 13,900           |
| 2009-2010 | 2,225           |  | 2,225           | 9,000            | 13,450           |
| 2010-2011 | 2,000           |  | 2,000           | 10,000           | 14,000           |
| 2011-2012 | 1,750           |  | 1,750           | 10,000           | 13,500           |
| 2012-2013 | 1,500           |  | 1,500           | 10,000           | 13,000           |
| 2013-2014 | 1,250           |  | 1,250           | 10,000           | 12,500           |
| 2014-2015 | 1,000           |  | 1,000           | 10,000           | 12,000           |
| 2015-2016 | 750             |  | 750             | 10,000           | 11,500           |
| 2016-2017 | 500             |  | 500             | 10,000           | 11,000           |
| 2017-2018 | 250             |  | 250             | 10,000           | 10,500           |
| TOTALS    | <u>\$25,725</u> |  | <u>\$25,725</u> | <u>\$134,000</u> | <u>\$185,450</u> |

The Bond was originally issued for \$255,000 on February 1, 1979. Bond Payments are due Semi-annually, March 1 (principal plus interest) and September 1 (interest), with an interest rate of 5%.

## Fuel System RLF Loan

|        | Interest       | Principal       | Total           |
|--------|----------------|-----------------|-----------------|
| 2005   | \$2,121        | \$ 4,898        | \$ 7,019        |
| 2006   | 1,767          | 5,252           | 7,019           |
| 2007   | 1,387          | 5,632           | 7,019           |
| 2008   | 980            | 6,039           | 7,019           |
| 2009   | (498)          | 7,517           | 7,019           |
| TOTALS | <u>\$5,757</u> | <u>\$29,338</u> | <u>\$35,095</u> |

In November of 1998 the Fuel System received a \$49,300 RLF Loan to install a new Fuel System at the Marina for the use of the Township and Alger County Road Commission. Payments are due annually on November 7<sup>th</sup> of each year with an interest rate of 7%.

## Backhoe Loan

|      | Interest     | Principal       | Total           |
|------|--------------|-----------------|-----------------|
| 2005 | <u>\$319</u> | <u>\$10,990</u> | <u>\$11,309</u> |

In May of 2000 the Township Improvement Fund purchased a new backhoe for \$53,500 at an interest rate of 5.75% with payments due monthly.

**NOTE F – LONG-TERM DEBT (Continued):**

| Bathhouse Loan |                 |                  |                 |
|----------------|-----------------|------------------|-----------------|
| 2005           | <u>Interest</u> | <u>Principal</u> | <u>Total</u>    |
|                | <u>\$1,503</u>  | <u>\$24,250</u>  | <u>\$25,753</u> |

In September of 2000 the Woodland Park Fund built a new bathhouse with a note payable of \$97,000 with an interest rate of 6.2% with payments due March 1 (interest) and September 1 (interest and principal).

|  | <u>July 1, 2003</u>     | <u>Additions</u>      | <u>Subtractions</u>    | <u>June 30, 2004</u>    |
|--|-------------------------|-----------------------|------------------------|-------------------------|
| <b>Governmental Activities:</b>                    |                         |                       |                        |                         |
| Backhoe  | \$21,417                | \$ -                  | \$10,427               | \$10,990                |
| Fire Truck Loan                                    | 69,021                  | -                     | 15,393                 | 53,628                  |
| Total Governmental Activities                      | <u>90,438</u>           | <u>-</u>              | <u>25,820</u>          | <u>64,618</u>           |
| <b>Business-Type Activities:</b>                   |                         |                       |                        |                         |
| Water Revenue Bond                                 | 143,000                 | -                     | 9,000                  | 134,000                 |
| Fuel – RLF Loan                                    | 33,906                  | -                     | 4,568                  | 29,338                  |
| Bathhouse  | 48,500                  | -                     | 24,250                 | 24,250                  |
| Laundromat line of credit                          | -                       | 5,000                 | -                      | 5,000                   |
| Total Business-Type Activities                     | <u>225,406</u>          | <u>5,000</u>          | <u>37,818</u>          | <u>192,588</u>          |
| <b>TOTAL PRIMARY GOVERNMENT<br/>LONG-TERM DEBT</b> | <u><b>\$315,844</b></u> | <u><b>\$5,000</b></u> | <u><b>\$63,638</b></u> | <u><b>\$257,206</b></u> |

**NOTE G – RESERVED AND DESIGNATED NET ASSETS:**

The Water Fund has reserved net assets totaling \$31,426 which represents the balance available to pay down debt.

**NOTE H – PROPERTY TAXES:**

The Local Governmental Unit property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31<sup>st</sup>.

Although the Local Governmental Unit 2003 ad valorem tax is levied and collectible on December 1, 2003, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2003 taxable valuation of the Local Governmental Unit totaled \$26,765,626 on which ad valorem taxes levied consisted of .6817 mills for the Local Governmental Unit operation purposes, 2.8512 Township Improvement, .2374 Harbor Improvement and 1.4255 Fire Department. These amounts are recognized in the General Fund, Township Improvement Fund, Harbor Fund and Fire Fund financial statements as revenue.

**NOTE I – CONTINGENT LIABILITIES:**

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

**NOTE J – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

The Township has variances with regards to expenditures over appropriations in their funds as of June 30, 2004.

|                            | <u>Budget</u> | <u>Actual</u> | <u>Unfavorable<br/>Variance</u> |
|----------------------------|---------------|---------------|---------------------------------|
| General Fund:              |               |               |                                 |
| Assessor                   | \$12,610      | \$14,109      | \$1,499                         |
| Treasurer                  | 28,720        | 31,839        | 3,119                           |
| Community Center           | -             | 20,199        | 20,199                          |
| Fire Fund:                 |               |               |                                 |
| Fire Department            | 58,875        | 80,928        | 22,033                          |
| Township Improvement Fund: |               |               |                                 |
| Cemetery                   | 6,250         | 6,640         | 390                             |
| Streets                    | 62,880        | 69,512        | 6,632                           |
| Other activities           | 13,100        | 15,265        | 2,165                           |
| Debt Service               | 6,169         | 11,308        | 5,139                           |
| Ambulance Fund:            |               |               |                                 |
| Ambulance                  | 43,590        | 49,684        | 6,094                           |
| Beach Access Fund:         |               |               |                                 |
| Beach Access               | -             | 127           | 127                             |



REQUIRED SUPPLEMENTAL  
FINANCIAL INFORMATION

**TOWNSHIP OF BURT, MICHIGAN**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2004

|   | <b>Budgeted Amounts</b> |                  | <b>Actual<br/>GAAP<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|----------------------------------|---|
|   | <b>Original</b>         | <b>Final</b>     |                                  |   |
| <b>REVENUES:</b>  |                         |                  |                                  |   |
| Taxes   | \$ 69,621               | \$ 69,621        | \$ 67,993                        | \$ (1,628)  |
| Licenses and Permits                                    | -                       | -                | -                                | -   |
| Federal Sources   | -                       | -                | -                                | -   |
| State Sources   | 31,409                  | 31,409           | 48,899                           | 17,490  |
| Local Sources   | 16,000                  | 16,000           | 15,756                           | (244)   |
| Charges for Services                                    | 168,472                 | 168,472          | 122,619                          | (45,853)  |
| Fines and Forfeits                                      | -                       | -                | -                                | -   |
| Interest and Rents                                      | 600                     | 600              | 349                              | (251)   |
| Other Revenue   | 11,975                  | 11,975           | 43,389                           | 31,414  |
| <b>TOTAL REVENUES</b>                                   | <b>298,077</b>          | <b>298,077</b>   | <b>299,005</b>                   | <b>928</b>  |
| <b>EXPENDITURES:</b>                                    |                         |                  |                                  |   |
| Legislative   | 4,702                   | 4,702            | 4,223                            | 479   |
| Judicial  | -                       | -                | -                                | -   |
| Elections   | 1,750                   | 1,750            | 440                              | 1,310   |
| General Government                                      | 265,624                 | 265,624          | 253,909                          | 11,715  |
| Public Safety   | -                       | -                | -                                | -   |
| Public Works  | -                       | -                | -                                | -   |
| Health and Welfare                                      | -                       | -                | -                                | -   |
| Community and Economic Development                      | 4,025                   | 4,025            | 3,826                            | 199   |
| Recreation and Culture                                  | 18,097                  | 18,097           | 38,136                           | (20,039)  |
| Other Functions   | -                       | -                | -                                | -   |
| Capital Outlay  | -                       | -                | -                                | -   |
| Debt Service  | -                       | -                | -                                | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>294,198</b>          | <b>294,198</b>   | <b>300,534</b>                   | <b>(6,336)</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>3,879</b>            | <b>3,879</b>     | <b>(1,529)</b>                   | <b>(5,408)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                  |                                  |   |
| Transfers in  | -                       | -                | -                                | -   |
| Transfers (out)   | -                       | -                | -                                | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>                | <b>-</b>         | <b>-</b>                         | <b>-</b>  |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>3,879</b>            | <b>3,879</b>     | <b>(1,529)</b>                   | <b>(5,408)</b>  |
| Fund balance, beginning of year, as restated            | 33,097                  | 33,097           | 33,097                           | -   |
| <b>FUND BALANCE, END OF YEAR</b>                        | <b>\$ 36,976</b>        | <b>\$ 36,976</b> | <b>\$ 31,568</b>                 | <b>\$ (5,408)</b>   |

**TOWNSHIP OF BURT, MICHIGAN**

**FIRE FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2004

|   | <b>Budgeted Amounts</b> |                  | <b>Actual<br/>GAAP<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|----------------------------------|---|
|   | <b>Original</b>         | <b>Final</b>     |                                  |   |
| <b>REVENUES:</b>  |                         |                  |                                  |   |
| Taxes   | \$ 47,454               | \$ 47,454        | \$ 44,110                        | \$ (3,344)  |
| Licenses and Permits                                    | -                       | -                | -                                | -   |
| Federal Sources   | -                       | -                | -                                | -   |
| State Sources   | -                       | -                | -                                | -   |
| Local Sources   | 5,850                   | 5,850            | -                                | -   |
| Charges for Services                                    | -                       | 5,850            | 29,150                           | 23,300  |
| Fines and Forfeits                                      | -                       | 2,500            | 644                              | (1,856)   |
| Interest and Rents                                      | -                       | -                | -                                | -   |
| Other Revenue   | 500                     | 500              | 792                              | 292   |
|   | <u>6,851</u>            | <u>6,851</u>     | <u>-</u>                         | <u>(6,851)</u>  |
| <b>TOTAL REVENUES</b>                                   | <u>60,655</u>           | <u>63,155</u>    | <u>74,696</u>                    | <u>11,541</u>   |
| <b>EXPENDITURES:</b>                                    |                         |                  |                                  |   |
| Legislative   | -                       | -                | -                                | -   |
| Judicial  | -                       | -                | -                                | -   |
| Elections   | -                       | -                | -                                | -   |
| General Government                                      | -                       | -                | -                                | -   |
| Public Safety   | -                       | -                | -                                | -   |
| Public Works  | 58,875                  | 58,875           | 80,928                           | (22,053)  |
| Health and Welfare                                      | -                       | -                | -                                | -   |
| Community and Economic Development                      | -                       | -                | -                                | -   |
| Recreation and Culture                                  | -                       | -                | -                                | -   |
| Other Functions   | -                       | -                | -                                | -   |
| Capital Outlay  | -                       | -                | -                                | -   |
| Debt Service  | -                       | -                | -                                | -   |
|   | <u>18,600</u>           | <u>18,600</u>    | <u>18,578</u>                    | <u>22</u>   |
| <b>TOTAL EXPENDITURES</b>                               | <u>77,475</u>           | <u>77,475</u>    | <u>99,506</u>                    | <u>(22,031)</u>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(16,820)</u>         | <u>(14,320)</u>  | <u>(24,810)</u>                  | <u>(10,490)</u>   |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                  |                                  |   |
| Operating transfers in                                  | -                       | -                | -                                | -   |
| Operating transfers (out)                               | -                       | -                | -                                | -   |
|   | <u>-</u>                | <u>-</u>         | <u>-</u>                         | <u>-</u>  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <u>-</u>                | <u>-</u>         | <u>-</u>                         | <u>-</u>  |
| <b>CHANGE IN FUND BALANCE</b>                           | <u>(16,820)</u>         | <u>(14,320)</u>  | <u>(24,810)</u>                  | <u>(10,490)</u>   |
| Fund balance, beginning of year, as restated            | 85,283                  | 85,283           | 85,283                           | -   |
| <b>FUND BALANCE, END OF YEAR</b>                        | <u>\$ 68,463</u>        | <u>\$ 70,963</u> | <u>\$ 60,473</u>                 | <u>\$ (10,490)</u>  |

**TOWNSHIP OF BURT, MICHIGAN**  
**TOWNSHIP IMPROVEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Fiscal Year Ended June 30, 2004

|   | <b>Budgeted Amounts</b> |                  | <b>Actual<br/>GAAP<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|----------------------------------|---|
|   | <b>Original</b>         | <b>Final</b>     |                                  |   |
| <b>REVENUES:</b>  |                         |                  |                                  |   |
| Taxes   | \$ 89,941               | \$ 89,941        | \$ 88,234                        | \$ (1,707)  |
| Licenses and permits                                    | -                       | -                | -                                | -   |
| Federal sources   | -                       | -                | -                                | -   |
| State sources   | -                       | -                | -                                | -   |
| Local sources   | -                       | -                | -                                | -   |
| Charges for services                                    | 2,675                   | 2,675            | 2,625                            | (50)  |
| Fines and forfeits                                      | -                       | -                | -                                | -   |
| Interest and rents                                      | 6,000                   | 1,000            | 722                              | (278)   |
| Other revenues  | -                       | -                | 6,043                            | 6,043   |
| <b>TOTAL REVENUES</b>                                   | <b>98,616</b>           | <b>93,616</b>    | <b>97,624</b>                    | <b>4,008</b>  |
| <b>EXPENDITURES:</b>                                    |                         |                  |                                  |   |
| Legislative   | -                       | -                | -                                | -   |
| Judicial  | -                       | -                | -                                | -   |
| Elections   | -                       | -                | -                                | -   |
| General services and administration                     | 6,250                   | 6,250            | 6,640                            | (390)   |
| Public safety   | -                       | -                | -                                | -   |
| Public works  | 65,615                  | 65,615           | 71,032                           | (5,417)   |
| Health and welfare                                      | -                       | -                | -                                | -   |
| Community and economic development                      | -                       | -                | -                                | -   |
| Recreation and culture                                  | 1,000                   | 1,000            | 145                              | 855   |
| Other   | 13,100                  | 13,100           | 15,265                           | (2,165)   |
| Capital outlay  | -                       | -                | -                                | -   |
| Debt service  | 6,169                   | 6,169            | 11,308                           | (5,139)   |
| <b>TOTAL EXPENDITURES</b>                               | <b>92,134</b>           | <b>92,134</b>    | <b>104,390</b>                   | <b>(12,256)</b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>6,482</b>            | <b>1,482</b>     | <b>(6,766)</b>                   | <b>(8,248)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                  |                                  |   |
| Operating transfers in                                  | -                       | -                | -                                | -   |
| Operating transfers (out)                               | -                       | -                | -                                | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>                | <b>-</b>         | <b>-</b>                         | <b>-</b>  |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>6,482</b>            | <b>1,482</b>     | <b>(6,766)</b>                   | <b>(8,248)</b>  |
| Fund balance, beginning of year, as restated            | 56,147                  | 56,147           | 56,147                           | -   |
| <b>FUND BALANCE, END OF YEAR</b>                        | <b>\$ 62,629</b>        | <b>\$ 57,629</b> | <b>\$ 49,381</b>                 | <b>\$ (8,248)</b>   |

**TOWNSHIP OF BURT, MICHIGAN**

**REVOLVING LOAN FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2004

|   | <b>Budgeted Amounts</b> |                  | <b>Actual<br/>GAAP<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|----------------------------------|---|
|   | <b>Original</b>         | <b>Final</b>     |                                  |   |
| <b>REVENUES:</b>  |                         |                  |                                  |   |
| Taxes   | \$ -                    | \$ -             | \$ -                             | \$ -  |
| Licenses and Permits                                    | -                       | -                | -                                | -   |
| Federal Sources   | -                       | -                | -                                | -   |
| State Sources   | -                       | -                | -                                | -   |
| Local Sources   | -                       | -                | -                                | -   |
| Charges for Services                                    | -                       | -                | -                                | -   |
| Fines and Forfeits                                      | -                       | -                | -                                | -   |
| Interest and Rents                                      | -                       | -                | -                                | -   |
| Other Revenue   | 10,500                  | 10,500           | 11,113                           | 613   |
|   | 18,000                  | 18,000           | 18,437                           | 437   |
| <b>TOTAL REVENUES</b>                                   | <b>28,500</b>           | <b>28,500</b>    | <b>29,550</b>                    | <b>1,050</b>  |
| <b>EXPENDITURES:</b>                                    |                         |                  |                                  |   |
| Legislative   | -                       | -                | -                                | -   |
| Judicial  | -                       | -                | -                                | -   |
| Elections   | -                       | -                | -                                | -   |
| General Government                                      | -                       | -                | -                                | -   |
| Public Safety   | -                       | -                | -                                | -   |
| Public Works  | -                       | -                | -                                | -   |
| Health and Welfare                                      | -                       | -                | -                                | -   |
| Community and Economic Development                      | -                       | -                | -                                | -   |
| Recreation and Culture                                  | 67,000                  | 67,000           | 17,392                           | 49,608  |
| Other Functions   | -                       | -                | -                                | -   |
| Capital Outlay  | -                       | -                | -                                | -   |
| Debt Service  | -                       | -                | -                                | -   |
| <b>TOTAL EXPENDITURES</b>                               | <b>67,000</b>           | <b>67,000</b>    | <b>17,392</b>                    | <b>49,608</b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(38,500)</b>         | <b>(38,500)</b>  | <b>12,158</b>                    | <b>50,658</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                  |                                  |   |
| Transfers in  | -                       | -                | -                                | -   |
| Transfers (out)   | -                       | -                | -                                | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>                | <b>-</b>         | <b>-</b>                         | <b>-</b>  |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>(38,500)</b>         | <b>(38,500)</b>  | <b>12,158</b>                    | <b>50,658</b>   |
| Fund balance, beginning of year, as restated            | 60,982                  | 60,982           | 60,982                           | -   |
| <b>FUND BALANCE, END OF YEAR</b>                        | <b>\$ 22,482</b>        | <b>\$ 22,482</b> | <b>\$ 73,140</b>                 | <b>\$ 50,658</b>  |

Other Supplemental  
Information

**TOWNSHIP OF BURT, MICHIGAN**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|                            | Final<br>Budget | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------|-----------------|-------------------------|---|
| <b>REVENUES:</b>           |                 |                         |   |
| Property Taxes:            |                 |                         |   |
| Current levy               | \$ 18,485       | \$ 17,951               | \$ (534)  |
| Commercial forest reserve  | 3,144           | 3,144                   | -   |
| Swamp tax                  | 29,695          | 29,695                  | -   |
| Payment in lieu of taxes   | 2,197           | 2,197                   | -   |
| Tax collection fees        | 16,100          | 15,006                  | (1,094)   |
| Total Property Taxes       | 69,621          | 67,993                  | (1,628)   |
| State Sources:             |                 |                         |   |
| State revenue sharing      | 31,409          | 48,899                  | 17,490  |
| Total State Sources        | 31,409          | 48,899                  | 17,490  |
| Local Sources:             |                 |                         |   |
| Library grants             | 16,000          | 15,756                  | (244)   |
| Total Local Sources        | 16,000          | 15,756                  | (244)   |
| Charges for Services:      |                 |                         |   |
| Zoning services            | 2,367           | 2,257                   | (110)   |
| Administrative services    | 165,845         | 115,658                 | (50,187)  |
| Community center           | -               | 4,471                   | 4,471   |
| Miscellaneous services     | 260             | 233                     | (27)  |
| Total Charges for Services | 168,472         | 122,619                 | (45,853)  |
| Interest and Rents         |                 |                         |   |
| Interest                   | 300             | 349                     | 49  |
| Rents                      | 300             | -                       | (300)   |
| Total Interest and Rents   | 600             | 349                     | (251)   |
| Other Revenues:            |                 |                         |   |
| Miscellaneous other        | 11,975          | 43,389                  | 31,414  |
| Total Other Revenues       | 11,975          | 43,389                  | 31,414  |
| <b>TOTAL REVENUES</b>      | <b>298,077</b>  | <b>299,005</b>          | <b>928</b>  |
| <b>EXPENDITURES:</b>       |                 |                         |   |
| Legislative:               |                 |                         |   |
| Township Board:            |                 |                         |   |
| Personnel services         | 4,202           | 4,223                   | (21)  |
| Supplies                   | -               | -                       | -   |
| Other services and charges | 500             | -                       | 500   |
| Capital outlay             | -               | -                       | -   |
| Total Township Board       | 4,702           | 4,223                   | 479   |
| Total Legislative          | 4,702           | 4,223                   | 479   |

**TOWNSHIP OF BURT, MICHIGAN**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|                            | <u>Final<br/>Budget</u> | <u>Actual<br/>GAAP<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------|-------------------------|----------------------------------|---|
| <b>Elections</b>           |                         |                                  |   |
| Elections:                 |                         |                                  |   |
| Personnel services         | \$ 850                  | \$ -                             | \$ 850  |
| Supplies                   | 350                     | 221                              | 129   |
| Other services and charges | 550                     | 219                              | 331   |
| Capital outlay             | -                       | -                                | -   |
| Total Elections            | <u>1,750</u>            | <u>440</u>                       | <u>1,310</u>  |
| Total Elections            | <u>1,750</u>            | <u>440</u>                       | <u>1,310</u>  |
| <b>General Government</b>  |                         |                                  |   |
| Supervisor:                |                         |                                  |   |
| Personnel services         | 23,120                  | 22,559                           | 561   |
| Supplies                   | 200                     | -                                | 200   |
| Other services and charges | 2,110                   | 631                              | 1,479   |
| Capital outlay             | -                       | -                                | -   |
| Total Supervisor           | <u>25,430</u>           | <u>23,190</u>                    | <u>2,240</u>  |
| Assessor:                  |                         |                                  |   |
| Personnel services         | -                       | -                                | -   |
| Supplies                   | 600                     | -                                | 600   |
| Other services and charges | 12,010                  | 14,109                           | (2,099)   |
| Capital outlay             | -                       | -                                | -   |
| Total Assessor             | <u>12,610</u>           | <u>14,109</u>                    | <u>(1,499)</u>  |
| Clerk:                     |                         |                                  |   |
| Personnel services         | 23,700                  | 23,294                           | 406   |
| Supplies                   | -                       | -                                | -   |
| Other services and charges | 2,100                   | 1,221                            | 879   |
| Capital outlay             | -                       | -                                | -   |
| Total Clerk                | <u>25,800</u>           | <u>24,515</u>                    | <u>1,285</u>  |
| Board of Review:           |                         |                                  |   |
| Personnel services         | 1,500                   | 1,350                            | 150   |
| Supplies                   | -                       | -                                | -   |
| Other services and charges | -                       | 113                              | (113)   |
| Capital outlay             | -                       | -                                | -   |
| Total Board of Review      | <u>1,500</u>            | <u>1,463</u>                     | <u>37</u>   |



**TOWNSHIP OF BURT, MICHIGAN**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|  | Final<br>Budget | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|-------------------------|---|
| Treasurer:                               |                 |                         |   |
| Personnel services                       | \$ 23,120       | \$ 22,359               | \$ 761  |
| Supplies                                 | 850             | 765                     | 85  |
| Other services and charges               | 4,750           | 8,715                   | (3,965)   |
| Capital outlay                           | -               | -                       | -   |
| Total Board of Review                    | <u>28,720</u>   | <u>31,839</u>           | <u>(3,119)</u>  |
| Township Hall and Grounds:               |                 |                         |   |
| Personnel services                       |                 |                         |   |
| Supplies                                 | 56,977          | 48,812                  | 8,165   |
| Other services and charges               | 2,200           | 3,061                   | (861)   |
| Capital outlay                           | 112,387         | 106,920                 | 5,467   |
| Total Township Hall and Grounds          | <u>171,564</u>  | <u>158,793</u>          | <u>12,771</u>   |
| Total General Government                 | <u>265,624</u>  | <u>253,909</u>          | <u>11,715</u>   |
| Community and Economic Development       |                 |                         |   |
| Planning Commission                      |                 |                         |   |
| Personnel services                       |                 |                         |   |
| Supplies                                 | 500             | 250                     | 250   |
| Other services and charges               | -               | -                       | -   |
| Capital outlay                           | -               | 185                     | (185)   |
| Total Community Center                   | <u>500</u>      | <u>435</u>              | <u>65</u>   |
| Zoning                                   |                 |                         |   |
| Personnel services                       |                 |                         |   |
| Supplies                                 | 3,525           | 3,315                   | 210   |
| Other services and charges               | -               | -                       | -   |
| Capital outlay                           | -               | 76                      | (76)  |
| Total Zoning                             | <u>3,525</u>    | <u>3,391</u>            | <u>134</u>  |
| Total Community and Economic Development | <u>4,025</u>    | <u>3,826</u>            | <u>199</u>  |
| Recreation and Culture                   |                 |                         |   |
| Community Center:                        |                 |                         |   |
| Personnel services                       |                 |                         |   |
| Supplies                                 | -               | 5,806                   | (5,806)   |
| Other services and charges               | -               | 3,333                   | (3,333)   |
| Capital outlay                           | -               | 11,060                  | (11,060)  |
| Total Community Center                   | <u>-</u>        | <u>20,199</u>           | <u>(20,199)</u>   |

**TOWNSHIP OF BURT, MICHIGAN**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>GAAP<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|----------------------------------|---|
| Library   |                         |                                  |   |
| Personnel services  | \$ 1,872                | \$ 1,728                         | \$ 144  |
| Supplies  | -                       | -                                | -   |
| Other services and charges                                      | 16,225                  | 16,209                           | 16  |
| Capital outlay  | -                       | -                                | -   |
| Total Library   | <u>18,097</u>           | <u>17,937</u>                    | <u>160</u>  |
| Total Recreation and Culture                                    | <u>18,097</u>           | <u>38,136</u>                    | <u>(20,039)</u>   |
| <b>TOTAL EXPENDITURES</b>                                       | <u>294,198</u>          | <u>300,534</u>                   | <u>(6,336)</u>  |
| <b>EXCESS OF REVENUES OVER<br/>        (UNDER) EXPENDITURES</b> | <u>3,879</u>            | <u>(1,529)</u>                   | <u>7,264</u>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                          |                         |                                  |   |
| Operating Transfers In:   | -                       | -                                | -   |
| Operating Transfers (Out):                                      | -                       | -                                | -   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                     | <u>-</u>                | <u>-</u>                         | <u>-</u>  |
| <b>CHANGE IN FUND BALANCE</b>                                   | <u>3,879</u>            | <u>(1,529)</u>                   | <u>7,264</u>  |
| Fund balance, beginning of year                                 | <u>33,097</u>           | <u>33,097</u>                    | <u>-</u>  |
| <b>FUND BALANCE, END OF YEAR</b>                                | <u><u>\$ 36,976</u></u> | <u><u>\$ 31,568</u></u>          | <u><u>\$ 7,264</u></u>  |

## TOWNSHIP OF BURT, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
FIRE FUNDSCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2004

|   | Final<br>Budget  | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------------------|---|
| <b>REVENUES:</b>  |                  |                         |   |
| Property Taxes:   |                  |                         |   |
| Current levy  | \$ 35,890        | \$ 32,130               | \$ (3,760)  |
| Delinquent taxes  | 5,000            | 5,416                   | 416   |
| Commercial forest reserve                               | 6,564            | 6,564                   | -   |
| Total Property Taxes                                    | 47,454           | 44,110                  | (3,344)   |
| Local sources:  |                  |                         |   |
| Grants  | 5,850            | 29,150                  | 23,300  |
| Total Local Sources                                     | 5,850            | 29,150                  | 23,300  |
| Charges for services:                                   |                  |                         |   |
| Fire services   | 2,500            | 644                     | (1,856)   |
| Total Charges for Services                              | 2,500            | 644                     | (1,856)   |
| Interest and Rents:                                     |                  |                         |   |
| Interest income - investments                           | 500              | 792                     | 292   |
| Total Interest and Rents                                | 500              | 792                     | 292   |
| Other Revenue:  |                  |                         |   |
| Other Revenue   | 6,851            | -                       | (6,851)   |
| Total Other Revenues                                    | 6,851            | -                       | (6,851)   |
| <b>TOTAL REVENUES</b>                                   | <b>63,155</b>    | <b>74,696</b>           | <b>11,541</b>   |
| <b>EXPENDITURES:</b>                                    |                  |                         |   |
| Public Safety:  |                  |                         |   |
| Fire Department:  |                  |                         |   |
| Personnel services                                      | 6,100            | 6,331                   | (231)   |
| Supplies  | 300              | 336                     | (36)  |
| Other services and charges                              | 25,775           | 24,802                  | 973   |
| Capital outlay  | 26,700           | 49,459                  | (22,759)  |
| Total Fire Department                                   | 58,875           | 80,928                  | (22,053)  |
| Total Public Safety                                     | 58,875           | 80,928                  | (22,053)  |
| Debt Service:   |                  |                         |   |
| Principal   | 18,600           | 15,394                  | 3,206   |
| Interest  | -                | 3,184                   | (3,184)   |
| Total Debt Service                                      | 18,600           | 18,578                  | 22  |
| <b>TOTAL EXPENDITURES</b>                               | <b>77,475</b>    | <b>99,506</b>           | <b>(22,031)</b>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(14,320)</b>  | <b>(24,810)</b>         | <b>(10,490)</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                  |                         |   |
| Operating transfers in                                  | -                | -                       | -   |
| Operating transfers (out)                               | -                | -                       | -   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>-</b>         | <b>-</b>                | <b>-</b>  |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>(14,320)</b>  | <b>(24,810)</b>         | <b>(10,490)</b>   |
| Fund balance, beginning of year                         | 85,283           | 85,283                  | -   |
| <b>FUND BALANCE, END OF YEAR</b>                        | <b>\$ 70,963</b> | <b>\$ 60,473</b>        | <b>\$ (10,490)</b>                                      |

**TOWNSHIP OF BURT, MICHIGAN**

**MAJOR GOVERNMENTAL FUNDS**

**TOWNSHIP IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|                            | Final<br>Budget | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------|-----------------|-------------------------|---|
| <b>REVENUES:</b>           |                 |                         |   |
| Property Taxes:            |                 |                         |   |
| Currently levy             | \$ 66,855       | \$ 64,270               | \$ (2,585)  |
| Delinquent taxes           | 9,956           | 10,834                  | 878   |
| Commercial forest reserve  | 13,130          | 13,130                  | -   |
| Total Property Taxes       | <u>89,941</u>   | <u>88,234</u>           | <u>(1,707)</u>  |
| Charges for Services:      |                 |                         |   |
| Airport services           | 1,325           | 1,325                   | -   |
| Cemetery services          | 1,350           | 1,300                   | (50)  |
| Total Charges for Services | <u>2,675</u>    | <u>2,625</u>            | <u>(50)</u>   |
| Interest and Rents:        |                 |                         |   |
| Investment income          | 500             | 322                     | (178)   |
| Airport rent               | 500             | 400                     | (100)   |
| Total Interest and Rents   | <u>1,000</u>    | <u>722</u>              | <u>(278)</u>  |
| Other Revenue:             |                 |                         |   |
| Other Revenue              | -               | 6,043                   | 6,043   |
| Total Other Revenues       | <u>-</u>        | <u>6,043</u>            | <u>6,043</u>  |
| <b>TOTAL REVENUES</b>      | <u>93,616</u>   | <u>97,624</u>           | <u>4,008</u>  |
| <b>EXPENDITURES:</b>       |                 |                         |   |
| General Government:        |                 |                         |   |
| Cemetery:                  |                 |                         |   |
| Personnel services         | 500             | 1,318                   | (818)   |
| Supplies                   | -               | -                       | -   |
| Other services and charges | 750             | 564                     | 186   |
| Capital outlay             | 5,000           | 4,758                   | 242   |
| Total Cemetery             | <u>6,250</u>    | <u>6,640</u>            | <u>(390)</u>  |
| Total General Government   | <u>6,250</u>    | <u>6,640</u>            | <u>(390)</u>  |
| Public Works:              |                 |                         |   |
| Streets:                   |                 |                         |   |
| Personnel services         | 15,000          | 24,086                  | (9,086)   |
| Supplies                   | 4,500           | 4,514                   | (14)  |
| Other services and charges | 33,380          | 29,321                  | 4,059   |
| Capital outlay             | 10,000          | 11,591                  | (1,591)   |
| Total Streets              | <u>62,880</u>   | <u>69,512</u>           | <u>(6,632)</u>  |

MAJOR GOVERNMENTAL FUNDS

TOWNSHIP IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2004

|   | Final<br>Budget | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-------------------------|---|
| Personnel services                              | 550             | 790                     | (240)   |
| Supplies  | 2,000           | 320                     | 1,680   |
| Other services and charges                      | 185             | 410                     | (225)   |
| Capital outlay                                  | -               | -                       | -   |
| Total Airport                                   | 2,735           | 1,520                   | 1,215   |
| Total Public Works                              | 65,615          | 71,032                  | (5,417)   |
| Recreation and Culture:                         |                 |                         |   |
| Recreation Program:                             |                 |                         |   |
| Personnel services                              | -               | -                       | -   |
| Supplies  | 500             | 8                       | 492   |
| Other services and charges                      | 500             | 137                     | 363   |
| Capital outlay                                  | -               | -                       | -   |
| Total Recreation Program                        | 1,000           | 145                     | 855   |
| Total Recreation and Culture                    | 1,000           | 145                     | 855   |
| Other Functions                                 |                 |                         |   |
| Other Activities:                               |                 |                         |   |
| Personnel services                              | -               | -                       | -   |
| Supplies  | -               | -                       | -   |
| Other services and charges                      | 5,300           | 7,424                   | (2,124)   |
| Capital outlay                                  | 7,800           | 7,841                   | (41)  |
| Total Other Activities                          | 13,100          | 15,265                  | (2,165)   |
| Total Other Functions                           | 13,100          | 15,265                  | (2,165)   |
| Debt Service:                                   |                 |                         |   |
| Backhoe:  |                 |                         |   |
| Principal                                       | 6,169           | 10,427                  | (4,258)   |
| Interest  | -               | 881                     | (881)   |
| Total Backhoe:                                  | 6,169           | 11,308                  | (5,139)   |
| Total Debt Service                              | 6,169           | 11,308                  | (5,139)   |
| TOTAL EXPENDITURES                              | 92,134          | 104,390                 | (12,256)  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 1,482           | (6,766)                 | (8,248)   |

MAJOR GOVERNMENTAL FUNDS

TOWNSHIP IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2004

|   | Final<br>Budget  | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------------------|---|
| Transfers in                                | -                | -                       | -   |
| Transfers (out)                             | -                | -                       | -   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | -                | -                       | -   |
| <b>CHANGE IN FUND BALANCE</b>               | 1,482            | (6,766)                 | (8,248)   |
| Fund balance, beginning of year             | 56,147           | 56,147                  | -   |
| <b>FUND BALANCE, END OF YEAR</b>            | <u>\$ 57,629</u> | <u>\$ 49,381</u>        | <u>\$ (8,248)</u>                                       |

**TOWNSHIP OF BURT, MICHIGAN**

**MAJOR GOVERNMENTAL FUNDS**

**REVOLVING LOAN FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | Final<br>Budget  | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------------------|---|
| <b>REVENUES:</b>  |                  |                         |   |
| Interest and Rents:                                     |                  |                         |   |
| Investment income                                       | \$ 500           | \$ 710                  | \$ 210  |
| Mortgage interest                                       | 10,000           | 10,403                  | 403   |
| Total Interest and Rents                                | <u>10,500</u>    | <u>11,113</u>           | <u>613</u>  |
| Other Revenue:  |                  |                         |   |
| Mortgage principal                                      | 18,000           | 18,437                  | 437   |
| Other revenue   | -                | -                       | -   |
| Total Other Revenues                                    | <u>18,000</u>    | <u>18,437</u>           | <u>437</u>  |
| <b>TOTAL REVENUES</b>                                   | <u>28,500</u>    | <u>29,550</u>           | <u>1,050</u>  |
| <b>EXPENDITURES:</b>                                    |                  |                         |   |
| Community and Economic Development:                     |                  |                         |   |
| Revolving Loan:   |                  |                         |   |
| Personnel services                                      | 500              | 325                     | 175   |
| Supplies  | -                | -                       | -   |
| Other services and charges                              | 200              | 767                     | (567)   |
| New Loans   | 66,300           | 16,300                  | 50,000  |
| Total Revolving Loan                                    | <u>67,000</u>    | <u>17,392</u>           | <u>49,608</u>   |
| Total Community and Economic Development                | <u>67,000</u>    | <u>17,392</u>           | <u>49,608</u>   |
| <b>TOTAL EXPENDITURES</b>                               | <u>67,000</u>    | <u>17,392</u>           | <u>49,608</u>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(38,500)</u>  | <u>12,158</u>           | <u>50,658</u>   |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                  |                         |   |
| Operating transfers in                                  | -                | -                       | -   |
| Operating transfers (out)                               | -                | -                       | -   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <u>-</u>         | <u>-</u>                | <u>-</u>  |
| <b>CHANGE IN FUND BALANCE</b>                           | <u>(38,500)</u>  | <u>12,158</u>           | <u>50,658</u>   |
| Fund balance, beginning of year                         | <u>60,982</u>    | <u>60,982</u>           | <u>-</u>  |
| <b>FUND BALANCE, END OF YEAR</b>                        | <u>\$ 22,482</u> | <u>\$ 73,140</u>        | <u>\$ 50,658</u>  |

TOWNSHIP OF BURT, MICHIGAN

NON-MAJOR  
GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2004

|   | Liquor<br>Law<br>Fund | Ambulance<br>Fund | Medical<br>Facility<br>Fund | Harbor<br>Fund   | Youth<br>Center<br>Fund | Beach<br>Access<br>Fund | Special<br>Revenue<br>Fund<br>Total<br>Governmental<br>Funds |
|---|-----------------------|-------------------|-----------------------------|------------------|-------------------------|-------------------------|--|
| <b>ASSETS</b>                                 |                       |                   |                             |                  |                         |                         |  |
| Cash and cash equivalents                     | \$ -                  | \$ 15,947         | \$ 680                      | \$ 68,286        | \$ 102                  | \$ 44,050               | \$ 129,065   |
| Accounts receivable - net                     | -                     | 9,585             | 1,202                       | -                | -                       | -                       | 10,787   |
| Due from other funds                          | -                     | -                 | -                           | 901              | -                       | -                       | 901  |
| Prepaid expense                               | -                     | -                 | -                           | -                | -                       | 5,000                   | 5,000  |
| <b>TOTAL ASSETS</b>                           | <b>\$ -</b>           | <b>\$ 25,532</b>  | <b>\$ 1,882</b>             | <b>\$ 69,187</b> | <b>\$ 102</b>           | <b>\$ 49,050</b>        | <b>\$ 145,753</b>  |
| <b>LIABILITIES AND FUND BALANCE</b>           |                       |                   |                             |                  |                         |                         |  |
| <b>LIABILITIES:</b>                           |                       |                   |                             |                  |                         |                         |  |
| Accounts payable                              | \$ -                  | \$ 2,318          | \$ -                        | \$ -             | \$ -                    | \$ -                    | \$ 2,318   |
| Due to other funds                            | -                     | -                 | -                           | -                | 87                      | 5,000                   | 5,087  |
| Other liabilities                             | -                     | -                 | -                           | -                | -                       | -                       | -  |
| <b>TOTAL LIABILITIES</b>                      | <b>-</b>              | <b>2,318</b>      | <b>-</b>                    | <b>-</b>         | <b>87</b>               | <b>5,000</b>            | <b>7,405</b>   |
| <b>FUND BALANCE:</b>                          |                       |                   |                             |                  |                         |                         |  |
| Unreserved                                    | -                     | 23,214            | 1,882                       | 69,187           | 15                      | 44,050                  | 138,348  |
| <b>TOTAL FUND BALANCE</b>                     | <b>-</b>              | <b>23,214</b>     | <b>1,882</b>                | <b>69,187</b>    | <b>15</b>               | <b>44,050</b>           | <b>138,348</b>   |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <b>\$ -</b>           | <b>\$ 25,532</b>  | <b>\$ 1,882</b>             | <b>\$ 69,187</b> | <b>\$ 102</b>           | <b>\$ 49,050</b>        | <b>\$ 145,753</b>  |



TOWNSHIP OF BURT, MICHIGAN

NON-MAJOR  
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2004

|   | Liquor<br>Law<br>Fund | Ambulance<br>Fund | Medical<br>Facility<br>Fund | Harbor<br>Fund   | Youth<br>Center<br>Fund | Beach<br>Access<br>Fund | Special<br>Revenue<br>Fund<br>Total<br>Governmental<br>Funds |
|---|-----------------------|-------------------|-----------------------------|------------------|-------------------------|-------------------------|--|
| <b>REVENUES:</b>  |                       |                   |                             |                  |                         |                         |  |
| Property Taxes  | -                     | -                 | -                           | \$ 7,337         | -                       | -                       | \$ 7,337   |
| Licenses and Permits                                    | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Federal Sources   | -                     | -                 | -                           | -                | -                       | -                       | -  |
| State Sources   | 1,398                 | -                 | -                           | -                | -                       | -                       | 1,398  |
| Local Sources   | -                     | 18,431            | 7,473                       | -                | -                       | -                       | 25,904   |
| Charges for Services                                    | -                     | 27,743            | 142                         | -                | -                       | -                       | 27,885   |
| Fines and Forfeits                                      | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Interest and Rents                                      | -                     | 124               | 13                          | 990              | 4                       | 723                     | 1,854  |
| Other Revenue   | -                     | 808               | -                           | 8,710            | 675                     | -                       | 10,193   |
| <b>TOTAL REVENUES</b>                                   | <b>1,398</b>          | <b>47,106</b>     | <b>7,628</b>                | <b>17,037</b>    | <b>679</b>              | <b>723</b>              | <b>74,571</b>  |
| <b>EXPENDITURES:</b>                                    |                       |                   |                             |                  |                         |                         |  |
| Legislative   | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Judicial  | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Elections   | -                     | -                 | -                           | -                | -                       | -                       | -  |
| General Government                                      | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Public Safety   | 1,398                 | -                 | -                           | -                | -                       | -                       | 1,398  |
| Public Works  | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Health and Welfare                                      | -                     | 49,684            | 7,812                       | -                | -                       | -                       | 57,496   |
| Community and Economic Development                      | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Recreation and Culture                                  | -                     | -                 | -                           | -                | 1,152                   | 127                     | 1,279  |
| Other Functions   | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Capital Outlay  | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Debt Service  | -                     | -                 | -                           | -                | -                       | -                       | -  |
| <b>TOTAL EXPENDITURES</b>                               | <b>1,398</b>          | <b>49,684</b>     | <b>7,812</b>                | <b>-</b>         | <b>1,152</b>            | <b>127</b>              | <b>60,173</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>-</b>              | <b>(2,578)</b>    | <b>(184)</b>                | <b>17,037</b>    | <b>(473)</b>            | <b>596</b>              | <b>14,398</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                       |                   |                             |                  |                         |                         |  |
| Operating transfers in                                  | -                     | -                 | -                           | -                | -                       | -                       | -  |
| Operating transfers (out)                               | -                     | -                 | -                           | (27,500)         | -                       | -                       | (27,500)   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>              | <b>-</b>          | <b>-</b>                    | <b>(27,500)</b>  | <b>-</b>                | <b>-</b>                | <b>(27,500)</b>  |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>-</b>              | <b>(2,578)</b>    | <b>(184)</b>                | <b>(10,463)</b>  | <b>(473)</b>            | <b>596</b>              | <b>(13,102)</b>  |
| Fund balance, beginning of year                         | -                     | 25,792            | 2,066                       | 79,650           | 488                     | 43,454                  | 151,450  |
| <b>FUND BALANCE, END OF YEAR</b>                        | <b>-</b>              | <b>\$ 23,214</b>  | <b>\$ 1,882</b>             | <b>\$ 69,187</b> | <b>\$ 15</b>            | <b>\$ 44,050</b>        | <b>\$ 138,348</b>  |

**TOWNSHIP OF BURT, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE**

**LIQUOR LAW FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | Final<br>Budget | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-------------------------|---|
| <b>REVENUES:</b>  |                 |                         |   |
| State Sources:  |                 |                         |   |
| State revenue Sharing                                   | \$ 1,398        | \$ 1,398                | \$ -  |
| Total State Sources                                     | <u>1,398</u>    | <u>1,398</u>            | <u>-</u>  |
| Interest and Rents:                                     |                 |                         |   |
| Investment income                                       | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| Total Interest and Rents                                | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| Other Revenues:   |                 |                         |   |
| Other revenues  | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| Total Other Revenues                                    | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| <b>TOTAL REVENUES</b>                                   | <u>1,398</u>    | <u>1,398</u>            | <u>-</u>  |
| <b>EXPENDITURES:</b>                                    |                 |                         |   |
| Public Safety   |                 |                         |   |
| Liquor Law:   |                 |                         |   |
| Personnel services                                      | -               | -                       | -   |
| Supplies  | -               | -                       | -   |
| Other services and charges                              | 1,398           | 1,398                   | -   |
| Capital outlay  | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| Total Liquor Law  | <u>1,398</u>    | <u>1,398</u>            | <u>-</u>  |
| Total Public Safety                                     | <u>1,398</u>    | <u>1,398</u>            | <u>-</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <u>1,398</u>    | <u>1,398</u>            | <u>-</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                 |                         |   |
| Operating transfers in                                  | -               | -                       | -   |
| Operating transfers (out)                               | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| <b>TOTAL OTHER FINANCING SOURCES</b>                    | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| <b>CHANGES IN FUND BALANCE</b>                          | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| Fund balance, beginning of year                         | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| <b>FUND BALANCE, END OF YEAR</b>                        | <u>\$ -</u>     | <u>\$ -</u>             | <u>\$ -</u>   |

**TOWNSHIP OF BURT, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE**

**AMBULANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | Final<br>Budget  | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------------------|---|
| <b>REVENUES:</b>  |                  |                         |   |
| Local Sources:  |                  |                         |   |
| Grants  | \$ -             | \$ -                    | \$ -  |
| County appropriation                                    | 18,431           | 18,431                  | -   |
| Total Local Sources                                     | 18,431           | 18,431                  | -   |
| Charges for Services:                                   |                  |                         |   |
| Ambulance services                                      | 24,000           | 26,693                  | 2,693   |
| Training services                                       | 1,400            | 1,050                   | (350)   |
| Total Charges for Services                              | 25,400           | 27,743                  | 2,343   |
| Interest and Rents:                                     |                  |                         |   |
| Investment income                                       | 400              | 124                     | (276)   |
| Total Interest and Rents                                | 400              | 124                     | (276)   |
| Other Revenues:   |                  |                         |   |
| Donations   | 300              | 300                     | -   |
| Other revenues  | 860              | 508                     | (352)   |
| Total Other Revenues                                    | 1,160            | 808                     | (352)   |
| <b>TOTAL REVENUES</b>                                   | <b>45,391</b>    | <b>47,106</b>           | <b>1,715</b>  |
| <b>EXPENDITURES:</b>                                    |                  |                         |   |
| Health and Welfare:                                     |                  |                         |   |
| Ambulance:  |                  |                         |   |
| Personnel services                                      | 10,625           | 10,785                  | (160)   |
| Supplies  | 3,200            | 3,038                   | 162   |
| Other services and charges                              | 29,765           | 35,861                  | (6,096)   |
| Capital outlay  | -                | -                       | -   |
| Total Ambulance   | 43,590           | 49,684                  | (6,094)   |
| Total Health and Welfare                                | 43,590           | 49,684                  | (6,094)   |
| <b>TOTAL EXPENDITURES</b>                               | <b>43,590</b>    | <b>49,684</b>           | <b>(6,094)</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>1,801</b>     | <b>(2,578)</b>          | <b>(4,379)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                  |                         |   |
| Operating transfers in                                  | -                | -                       | -   |
| Operating transfers (out)                               | -                | -                       | -   |
| <b>TOTAL OTHER FINANCING SOURCES</b>                    | <b>-</b>         | <b>-</b>                | <b>-</b>  |
| <b>CHANGES IN FUND BALANCE</b>                          | <b>1,801</b>     | <b>(2,578)</b>          | <b>(4,379)</b>  |
| Fund balance, beginning of year                         | 25,792           | 25,792                  | -   |
| <b>FUND BALANCE, END OF YEAR</b>                        | <b>\$ 27,593</b> | <b>\$ 23,214</b>        | <b>\$ (4,379)</b>                                       |

**TOWNSHIP OF BURT, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE**

**MEDICAL FACILITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>GAAP<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|----------------------------------|---|
| <b>REVENUES:</b>  |                         |                                  |   |
| Local Sources:  |                         |                                  |   |
| UPRHS Grant   | \$ 9,713                | \$ 7,473                         | \$ (2,240)  |
| Total Local Sources                                     | <u>9,713</u>            | <u>7,473</u>                     | <u>(2,240)</u>  |
| Charges for Services:                                   |                         |                                  |   |
| Patients fees   | <u>50</u>               | <u>142</u>                       | <u>92</u>   |
| Total Charges for Services                              | <u>50</u>               | <u>142</u>                       | <u>92</u>   |
| Interest and Rents:                                     |                         |                                  |   |
| Investment income                                       | <u>20</u>               | <u>13</u>                        | <u>(7)</u>  |
| Total Interest and Rents                                | <u>20</u>               | <u>13</u>                        | <u>(7)</u>  |
| Other Revenue:  |                         |                                  |   |
| Other revenue   | <u>25</u>               | <u>-</u>                         | <u>(25)</u>   |
| Total Other Revenue                                     | <u>25</u>               | <u>-</u>                         | <u>(25)</u>   |
| <b>TOTAL REVENUES</b>                                   | <u>9,808</u>            | <u>7,628</u>                     | <u>(2,180)</u>  |
| <b>EXPENDITURES:</b>                                    |                         |                                  |   |
| Health and Welfare:                                     |                         |                                  |   |
| Medical Facility:                                       |                         |                                  |   |
| Personal services                                       | -                       | 2,584                            | (2,584)   |
| Supplies  | -                       | -                                | -   |
| Other services and charges                              | 8,500                   | 5,228                            | 3,272   |
| Capital outlay  | -                       | -                                | -   |
| Total Medical Facility                                  | <u>8,500</u>            | <u>7,812</u>                     | <u>688</u>  |
| Total Health and Welfare                                | <u>8,500</u>            | <u>7,812</u>                     | <u>688</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <u>8,500</u>            | <u>7,812</u>                     | <u>688</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>1,308</u>            | <u>(184)</u>                     | <u>(1,492)</u>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                                  |   |
| Operating transfers in                                  | -                       | -                                | -   |
| Operating transfers (out)                               | -                       | -                                | -   |
| <b>TOTAL OTHER FINANCING SOURCES</b>                    | <u>-</u>                | <u>-</u>                         | <u>-</u>  |
| <b>CHANGES IN FUND BALANCE</b>                          | <u>1,308</u>            | <u>(184)</u>                     | <u>(1,492)</u>  |
| Fund balance, beginning of year                         | <u>2,066</u>            | <u>2,066</u>                     | <u>-</u>  |
| <b>FUND BALANCE, END OF YEAR</b>                        | <u>\$ 3,374</u>         | <u>\$ 1,882</u>                  | <u>\$ (1,492)</u>   |

**TOWNSHIP OF BURT, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE**

**HARBOR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>GAAP<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|----------------------------------|---|
| <b>REVENUES:</b>  |                         |                                  |   |
| Property Taxes:   |                         |                                  |   |
| Currently levy  | \$ 5,698                | \$ 5,345                         | \$ (353)  |
| Delinquent taxes  | 600                     | 901                              | 301   |
| Commercial forest reserve                               | 1,091                   | 1,091                            | -   |
| Total Property Taxes                                    | <u>7,389</u>            | <u>7,337</u>                     | <u>(52)</u>   |
| Interest and Rents:                                     |                         |                                  |   |
| Investment income                                       | 400                     | 990                              | 590   |
| Total Interest and Rents                                | <u>400</u>              | <u>990</u>                       | <u>590</u>  |
| Other Revenue:  |                         |                                  |   |
| Other Revenue   | 21,656                  | 8,710                            | (12,946)  |
| Total Other Revenues                                    | <u>21,656</u>           | <u>8,710</u>                     | <u>(12,946)</u>   |
| <b>TOTAL REVENUES</b>                                   | <u>29,445</u>           | <u>17,037</u>                    | <u>(12,408)</u>   |
| <b>EXPENDITURES:</b>                                    |                         |                                  |   |
| Recreation and Culture:                                 |                         |                                  |   |
| Harbor:   |                         |                                  |   |
| Personnel services                                      | -                       | -                                | -   |
| Supplies  | -                       | -                                | -   |
| Other services and charges                              | 600                     | -                                | 600   |
| Capital outlay  | 14,000                  | -                                | 14,000  |
| Total Harbor  | <u>14,600</u>           | <u>-</u>                         | <u>14,600</u>   |
| Total Recreation and Culture                            | <u>14,600</u>           | <u>-</u>                         | <u>14,600</u>   |
| <b>TOTAL EXPENDITURES</b>                               | <u>14,600</u>           | <u>-</u>                         | <u>14,600</u>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>14,845</u>           | <u>17,037</u>                    | <u>2,192</u>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                                  |   |
| Operating transfers in                                  | -                       | -                                | -   |
| Operating transfers (out)                               | -                       | (27,500)                         | 27,500  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <u>-</u>                | <u>(27,500)</u>                  | <u>27,500</u>   |
| <b>CHANGE IN FUND BALANCE</b>                           | <u>14,845</u>           | <u>(10,463)</u>                  | <u>29,692</u>   |
| Fund balance, beginning of year                         | <u>66,029</u>           | <u>79,650</u>                    | <u>13,621</u>   |
| <b>FUND BALANCE, END OF YEAR</b>                        | <u>\$ 80,874</u>        | <u>\$ 69,187</u>                 | <u>\$ 43,313</u>  |

**TOWNSHIP OF BURT, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE**

**YOUTH CENTER**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | Final<br>Budget | Actual<br>GAAP<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-------------------------|---|
| <b>REVENUES:</b>  |                 |                         |   |
| Interest and Rents:                                     |                 |                         |   |
| Investment income                                       | \$ 20           | \$ 4                    | \$ (16)   |
| Total Interest and Rents                                | <u>20</u>       | <u>4</u>                | <u>(16)</u>   |
| Other Revenue:  |                 |                         |   |
| Donations   | 1,652           | 675                     | (977)   |
| Other revenue   | -               | -                       | -   |
| Total Other Revenue                                     | <u>1,652</u>    | <u>675</u>              | <u>(977)</u>  |
| <b>TOTAL REVENUES</b>                                   | <u>1,672</u>    | <u>679</u>              | <u>(993)</u>  |
| <b>EXPENDITURES:</b>                                    |                 |                         |   |
| Recreation and Culture:                                 |                 |                         |   |
| Youth Center:   |                 |                         |   |
| Personnel services                                      | 652             | 339                     | 313   |
| Supplies  | 50              | 139                     | (89)  |
| Other services and charges                              | 465             | 674                     | (209)   |
| Capital outlay  | -               | -                       | -   |
| Total Youth Center                                      | <u>1,167</u>    | <u>1,152</u>            | <u>15</u>   |
| Total Recreation and Culture                            | <u>1,167</u>    | <u>1,152</u>            | <u>15</u>   |
| <b>TOTAL EXPENDITURES</b>                               | <u>1,167</u>    | <u>1,152</u>            | <u>15</u>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>505</u>      | <u>(473)</u>            | <u>(978)</u>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                 |                         |   |
| Operating transfers in                                  | -               | -                       | -   |
| Operating transfers (out)                               | -               | -                       | -   |
| <b>TOTAL OTHER FINANCING SOURCES</b>                    | <u>-</u>        | <u>-</u>                | <u>-</u>  |
| <b>CHANGES IN FUND BALANCE</b>                          | <u>505</u>      | <u>(473)</u>            | <u>(978)</u>  |
| Fund balance, beginning of year                         | <u>488</u>      | <u>488</u>              | <u>-</u>  |
| <b>FUND BALANCE, END OF YEAR</b>                        | <u>\$ 993</u>   | <u>\$ 15</u>            | <u>\$ (978)</u>   |

**TOWNSHIP OF BURT, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE**

**BEACH ACCESS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2004

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>GAAP<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|----------------------------------|---|
| <b>REVENUES:</b>  |                         |                                  |   |
| Interest and Rents:                                     |                         |                                  |   |
| Investment income                                       | \$ -                    | \$ 723                           | \$ 723  |
| Total Interest and Rents                                | <u>-</u>                | <u>723</u>                       | <u>723</u>  |
| Other Revenue:  |                         |                                  |   |
| Donations   | -                       | -                                | -   |
| Other revenue   | -                       | -                                | -   |
| Total Other Revenue                                     | <u>-</u>                | <u>-</u>                         | <u>-</u>  |
| <b>TOTAL REVENUES</b>                                   | <u>-</u>                | <u>723</u>                       | <u>723</u>  |
| <b>EXPENDITURES:</b>                                    |                         |                                  |   |
| Recreation and Culture:                                 |                         |                                  |   |
| Beach Access:   |                         |                                  |   |
| Personnel services                                      | -                       | -                                | -   |
| Supplies  | -                       | -                                | -   |
| Other services and charges                              | -                       | 127                              | (127)   |
| Capital outlay  | -                       | -                                | -   |
| Total Beach Access                                      | <u>-</u>                | <u>127</u>                       | <u>(127)</u>  |
| Total Recreation and Culture                            | <u>-</u>                | <u>127</u>                       | <u>(127)</u>  |
| <b>TOTAL EXPENDITURES</b>                               | <u>-</u>                | <u>127</u>                       | <u>(127)</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>-</u>                | <u>596</u>                       | <u>596</u>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                         |                                  |   |
| Operating transfers in                                  | -                       | -                                | -   |
| Operating transfers (out)                               | -                       | -                                | -   |
| <b>TOTAL OTHER FINANCING SOURCES</b>                    | <u>-</u>                | <u>-</u>                         | <u>-</u>  |
| <b>CHANGES IN FUND BALANCE</b>                          | <u>-</u>                | <u>596</u>                       | <u>596</u>  |
| Fund balance, beginning of year                         | <u>43,454</u>           | <u>43,454</u>                    | <u>-</u>  |
| <b>FUND BALANCE, END OF YEAR</b>                        | <u>\$ 43,454</u>        | <u>\$ 44,050</u>                 | <u>\$ 596</u>   |

**TOWNSHIP OF BURT, MICHIGAN**

**FIDUCIARY FUNDS**

**COMBINING STATEMENT OF NET ASSETS**

June 30, 2004

|                           | <u>Tax<br/>Collection<br/>Fund</u> | <u>Total</u>            |
|---------------------------|------------------------------------|-------------------------|
| <b>ASSETS</b>             |                                    |                         |
| Cash and cash equivalents | \$ 1                               | \$ 1                    |
| Taxes receivable - net    | <u>21,660</u>                      | <u>21,660</u>           |
| <b>TOTAL ASSETS</b>       | <u><u>\$ 21,661</u></u>            | <u><u>\$ 21,661</u></u> |
| <b>LIABILITIES</b>        |                                    |                         |
| Due to other funds        | \$ 21,661                          | \$ 21,661               |
| Due to others             | <u>-</u>                           | <u>-</u>                |
| <b>TOTAL LIABILITIES</b>  | <u><u>\$ 21,661</u></u>            | <u><u>\$ 21,661</u></u> |



## Compliance Supplements



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

### REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Supervisor and Township Board of Trustees  
Township of Burt, Michigan  
P.O. Box 430  
Grand Marais, Michigan 49839

We have audited the governmental activities, business-type activities, major funds, and remaining fund information, which collectively comprise the basic financial statements of the Township of Burt, Michigan as of and for the year ended June 30, 2004, and have issued our report thereon dated October 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. These instances are reported in a separate letter to management dated October 8, 2004.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered Township of Burt's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of material misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

October 8, 2004



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

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MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

### *Township of Burt, Michigan Report to Management Letter For the Year Ended June 30, 2004*

To the Honorable Supervisor and Township Board  
Township of Burt, Michigan  
Grand Marais, MI 49839

In planning and performing our audit of the financial statements of the Township of Burt, Michigan for the year ended June 30, 2004; we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted matters involving the internal control and its operation that we consider reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Township of Burt, Michigan's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

### **INSTANCES OF NON-COMPLIANCE**

#### **Uniform Budgeting and Accounting Act (P.A. 621)**

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. The major provisions of P.A. 621 are as follows:

1. Local Units of government must adopt a budget.
2. The budget, including accrued deficits and available un-appropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless the debt is permitted by law.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures shall be filed with the State Treasurer and reported to the Attorney General.

To the Honorable Supervisor and Township Board  
Township of Burt, Michigan  
Grand Marais, MI 49839

The Township was found to be in violation of the legal and contractual provisions of Public Act 621 in certain individual funds as enumerated upon in the footnotes.

This report is intended solely for the information and use of the Township of Burt, Michigan Board, management, and other agencies with oversight responsibly and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township's staff for the cooperation and courtesy extended to us during our audit. We would be please to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

October 8, 2004



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

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DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

October 08, 2004

To the Honorable Supervisor and Township Board  
Township of Burt, Michigan  
Grand Marais, MI 49839

We have audited the financial statements of the Township of Burt, Michigan for the year ended June 30, 2004, and have issued our report thereon dated October 08, 2004. Professional standards require that we make provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Burt, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of the Township of Burt, Michigan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### **Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Burt, Michigan are described in Footnote A to the financial statements. As described in the Footnote A to the financial statements, the Township of Burt, Michigan changed accounting policies related to new reporting model by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in fiscal year 2004. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the footnotes to the financial statements. We noted no transactions entered into by the Township of Burt, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Township of Burt, Michigan's estimates are relatively insignificant in relation to the financial statements taken as a whole.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Burt, Michigan's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of Burt, Michigan, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Burt, Michigan's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Burt, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Honorable Supervisor and Township Board  
Township of Burt, Michigan

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**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in the performance of our audit.

This information is intended solely for the use of the Township Board and management of the Township of Burt, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants